

EXHIBIT 68

1 GRANT SCOTT - 1/21/2021

2 IN THE UNITED STATES BANKRUPTCY COURT

3 FOR THE NORTHERN DISTRICT OF TEXAS

4 IN RE:)

5 HIGHLAND CAPITAL MANAGEMENT,) Chapter 11

6 L.P.) Case No.

7 Debtor.) 19-34054-sgj11

8 -----)

9 HIGHLAND CAPITAL MANAGEMENT,)

10 L.P.,)

11 Plaintiff,)

12 vs.) Adversary

13) Proceeding No.

14) 21-03000-sgj

15 HIGHLAND CAPITAL MANAGEMENT)

16 FUND ADVISORS, L.P.; NEXPOINT)

17 ADVISORS, L.P.; HIGHLAND)

18 INCOME FUND; NEXPOINT)

19 STRATEGIC OPPORTUNITIES FUND;)

20 NEXPOINT CAPITAL, INC.; and)

21 CLO HoldCo, LTD.,)

22 -----)

23 Defendants.)

24 VIDEOCONFERENCE DEPOSITION OF Grant SCOTT

25 Thursday, 21st of January, 2021

Reported by: Lisa A. Wheeler, RPR, CRR

Job No: 188910

<p style="text-align: right;">Page 2</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 January 21, 2021</p> <p>3 2:02 p.m.</p> <p>4</p> <p>5</p> <p>6 Videoconference deposition of Grant</p> <p>7 SCOTT, pursuant to the Federal Rules of</p> <p>8 Civil Procedure before Lisa A. Wheeler,</p> <p>9 RPR, CRR, a Notary Public of the State of</p> <p>10 North Carolina. The court reporter</p> <p>11 reported the proceeding remotely and the</p> <p>12 witness was present via videoconference.</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 3</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 REMOTE APPEARANCES:</p> <p>3 PACHULSKI STANG ZIEHL & JONES</p> <p>4 Attorneys for Debtor</p> <p>5 780 Third Avenue</p> <p>6 New York, NY 10017</p> <p>7 BY: JOHN MORRIS, ESQ.</p> <p>8</p> <p>9 LATHAM & WATKINS</p> <p>10 Attorneys for UBS</p> <p>11 885 Third Avenue</p> <p>12 New York, NY 10022</p> <p>13 BY: SHANNON McLAUGHLIN, ESQ.</p> <p>14</p> <p>15 SIDLEY AUSTIN</p> <p>16 Attorneys for the Creditors Committee</p> <p>17 2021 McKinney Avenue</p> <p>18 Dallas, TX 75201</p> <p>19 BY: PENNY REID, ESQ.</p> <p>20 ALYSSA RUSSELL, ESQ.</p> <p>21 PAIGE MONTGOMERY, ESQ.</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p style="text-align: right;">Page 4</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 REMOTE APPEARANCES: (Continued)</p> <p>3 KING & SPALDING</p> <p>4 Attorneys for Highland CLO Funding, Ltd.</p> <p>5 500 West 2nd Street</p> <p>6 Austin, TX 78701</p> <p>7 BY: REBECCA MATSUMURA, ESQ.</p> <p>8</p> <p>9 K&L GATES</p> <p>10 Attorneys for Highland Capital Management</p> <p>11 Fund Advisors, L.P., et al.</p> <p>12 4350 Lassiter at North Hills Avenue</p> <p>13 Raleigh, NC 27609</p> <p>14 BY: A. LEE HOGEWOOD, III, ESQ.</p> <p>15 EMILY MATHER, ESQ.</p> <p>16</p> <p>17 HELLER DRAPER & HORN</p> <p>18 Attorneys for The Dugaboy Investment Trust</p> <p>19 and The Get Good Trust</p> <p>20 650 Poydras Street</p> <p>21 New Orleans, LA 70130</p> <p>22 BY: MICHAEL LANDIS, ESQ.</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 5</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 REMOTE APPEARANCES: (Continued)</p> <p>3 KANE RUSSELL COLEMAN & LOGAN</p> <p>4 Attorneys for Defendant CLO HoldCo Limited</p> <p>5 Bank of America Plaza</p> <p>6 901 Main Street</p> <p>7 Dallas, TX 75202</p> <p>8 BY: BRIAN CLARK, ESQ.</p> <p>9 JOHN KANE, ESQ.</p> <p>10</p> <p>11 ALSO PRESENT: La Asia Canty</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

<p style="text-align: right;">Page 6</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 G R A N T S C O T T ,</p> <p>3 called as a witness, having been duly sworn</p> <p>4 by a Notary Public, was examined and</p> <p>5 testified as follows:</p> <p>6 MR. MORRIS: Good afternoon. My</p> <p>7 name is John Morris. I'm an attorney with</p> <p>8 Pachulski Stang Ziehl & Jones, a law firm</p> <p>9 who represents the debtor in the bankruptcy</p> <p>10 known as In Re: Highland Capital</p> <p>11 Management, L.P., and we're here today for</p> <p>12 the deposition of Grant Scott.</p> <p>13 Before I begin, I would just like to</p> <p>14 have confirmation on the record that</p> <p>15 everybody here who's representing their</p> <p>16 respective parties agrees that this</p> <p>17 deposition can be used in evidence in any</p> <p>18 subsequent hearing, notwithstanding the</p> <p>19 fact that it's being conducted remotely,</p> <p>20 and that the witness is not in the same</p> <p>21 room as the court reporter.</p> <p>22 Does anybody have an objection to</p> <p>23 the admissibility of the transcript subject</p> <p>24 to any reservation of -- of actual</p> <p>25 objections on the record to using this</p>	<p style="text-align: right;">Page 7</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 transcript going forward?</p> <p>3 Okay. Nobody's spoken up, so I --</p> <p>4 I'd like to begin.</p> <p>5 EXAMINATION</p> <p>6 BY MR. MORRIS:</p> <p>7 Q. Good afternoon, Mr. Scott. As I</p> <p>8 mentioned, my name is John Morris, and we're</p> <p>9 here for your deposition today. Have you ever</p> <p>10 been deposed before?</p> <p>11 A. On two occasions.</p> <p>12 Q. And -- and when did the -- when did</p> <p>13 those depositions take place?</p> <p>14 A. This past October and maybe six to</p> <p>15 eight years ago.</p> <p>16 Q. Okay. Can you just tell me</p> <p>17 generally what the subject matter was of the</p> <p>18 deposition this past October.</p> <p>19 A. It was relating to Jim Dondero's --</p> <p>20 it was a family law issue in -- in -- with</p> <p>21 respect to Jim Dondero.</p> <p>22 Q. Okay. And did you testify in a</p> <p>23 courtroom, or was it a deposition like this?</p> <p>24 A. I -- right here, actually.</p> <p>25 Q. Okay. Super. And -- and what about</p>
<p style="text-align: right;">Page 8</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 the -- the deposition six to eight years ago, --</p> <p>3 do you have a recollection as to what that was</p> <p>4 about?</p> <p>5 A. Yeah. It was a -- it was a patent I</p> <p>6 wrote for Samsung Electronics.</p> <p>7 Q. Okay.</p> <p>8 A. And as being the person that I --</p> <p>9 that wrote it and the patent was in litigation,</p> <p>10 not -- not being handled by me, but by virtue</p> <p>11 of having written the patent, I was -- I was</p> <p>12 deposed --</p> <p>13 Q. Okay. So you --</p> <p>14 A. -- on the -- on the patent.</p> <p>15 Q. Okay. So you've had a little bit of</p> <p>16 experience with depositions. But just</p> <p>17 generally speaking, I'm going to ask you a</p> <p>18 series of questions. It's very important that</p> <p>19 you allow me to finish my question before you</p> <p>20 begin your answer.</p> <p>21 Is that fair?</p> <p>22 A. Absolutely.</p> <p>23 Q. And I will certainly try to extend</p> <p>24 the same courtesy to you, but if I -- if I step</p> <p>25 on your words, will you let me know that?</p>	<p style="text-align: right;">Page 9</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. Okay.</p> <p>3 Q. And if there's anything that I ask</p> <p>4 that you don't understand, will you let me know</p> <p>5 that as well?</p> <p>6 A. Yes. I'll try -- I'll do my best.</p> <p>7 Q. Okay. So this is a virtual</p> <p>8 deposition. We're not in the same room. I am</p> <p>9 going to be showing you documents today. The</p> <p>10 documents will be put up on the screen. This</p> <p>11 isn't a -- a trick of any kind. If at any time</p> <p>12 you see a document up on the screen and either</p> <p>13 you believe or you have any reason to want to</p> <p>14 read other portions of the document, will you</p> <p>15 let me know that?</p> <p>16 A. Yes, I -- yes, I will. Uh-huh.</p> <p>17 Q. With respect to the Dondero family</p> <p>18 matter, I really don't want to go into the</p> <p>19 substance of that, but I do want to know</p> <p>20 whether you testified voluntarily in that</p> <p>21 matter or whether you -- whether you testified</p> <p>22 pursuant to subpoena.</p> <p>23 A. I would have done that, but the</p> <p>24 first time I found out about it was a -- was a</p> <p>25 subpoena that I received. I wasn't given the</p>

<p style="text-align: right;">Page 10</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 choice.</p> <p>3 Q. Okay. And do you recall who served</p> <p>4 the subpoena on you? Actually, let me ask a</p> <p>5 different question because I'm really not</p> <p>6 interested in the -- in the details.</p> <p>7 Did Mr. Dondero serve that subpoena</p> <p>8 on you or did somebody else?</p> <p>9 A. His counsel for his ex-wife.</p> <p>10 Q. Mr. -- so -- so the lawyer acting on</p> <p>11 behalf of Mr. Dondero's ex-wife served you with</p> <p>12 the subpoena?</p> <p>13 A. Correct.</p> <p>14 Q. Okay. You're familiar with an</p> <p>15 entity called CLO HoldCo Limited; is that</p> <p>16 right?</p> <p>17 A. Yes.</p> <p>18 Q. Do you know what that entity is?</p> <p>19 A. Yes.</p> <p>20 Q. What -- what -- can you describe for</p> <p>21 me what CLO HoldCo Limited is.</p> <p>22 A. It's a holding company of assets</p> <p>23 including collateralized loan obligation-type</p> <p>24 assets. That's a portion of the overall</p> <p>25 portfolio. It's an organization that is</p>	<p style="text-align: right;">Page 11</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 integrated with other entities as part of a</p> <p>3 charitable -- loosely what we -- what we refer</p> <p>4 to as a charitable foundation equivalent.</p> <p>5 Yeah.</p> <p>6 Q. All right. We'll -- we'll get into</p> <p>7 some detail about the corporate structure in a</p> <p>8 moment. Do you personally play any role at CLO</p> <p>9 HoldCo Limited?</p> <p>10 A. Yes. My technical title is</p> <p>11 director, but I -- I don't necessarily know</p> <p>12 specifically what that title means other than I</p> <p>13 act, as I understand it, as -- as a trustee for</p> <p>14 those -- for those assets.</p> <p>15 Q. And where did you get that</p> <p>16 understanding?</p> <p>17 A. Approximately ten years ago from the</p> <p>18 group that -- that set up the hierarchy.</p> <p>19 Q. And which group set up the</p> <p>20 hierarchy?</p> <p>21 A. Employees at Jim Don- -- as I</p> <p>22 understand it, employees of Highland along with</p> <p>23 outside counsel, as I understand it, and also,</p> <p>24 I guess, input from -- from Jim Dondero.</p> <p>25 Q. At the time that you assumed the</p>
<p style="text-align: right;">Page 12</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 role of director of CLO HoldCo Limited, was</p> <p>3 that entity already in existence?</p> <p>4 A. I believe so. I'm not certain. I'm</p> <p>5 not certain.</p> <p>6 Q. What are your duties and</p> <p>7 responsibilities as a director of CLO HoldCo</p> <p>8 Limited?</p> <p>9 A. Well, my day-to-day responsibilities</p> <p>10 are to interface with -- with the manager of</p> <p>11 the -- of the assets of CLO. I do have some</p> <p>12 role in -- with respect to some of the entities</p> <p>13 that are -- I -- I have a limited role with</p> <p>14 respect to a subset of the charitable</p> <p>15 foundations that receive money from the CLO</p> <p>16 HoldCo structure, which is commonly referred to</p> <p>17 as the DAF. There's -- sometimes those are</p> <p>18 used interchangeably.</p> <p>19 Q. What terms are used interchangeably?</p> <p>20 A. Well, the DAF and CLO HoldCo are</p> <p>21 frequently -- by -- by other people they're --</p> <p>22 it's the short -- it's the -- I guess it's</p> <p>23 easier to use the acronym DAF than CLO HoldCo</p> <p>24 Limited, so I'm frequently having to -- there</p> <p>25 is a DAF entity so -- that's above -- above CLO</p>	<p style="text-align: right;">Page 13</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 in terms of the management, and so it's</p> <p>3 frequently confusing and I'm having to clarify</p> <p>4 at times which entity we're talking about,</p> <p>5 but -- but other parties frequently use those</p> <p>6 terms interchangeably.</p> <p>7 Q. Okay.</p> <p>8 MR. MORRIS: Lisa, when we use the</p> <p>9 phrase DAF, because you'll hear that a lot,</p> <p>10 it's all caps, D-A-F.</p> <p>11 BY MR. MORRIS:</p> <p>12 Q. You mentioned that you interface</p> <p>13 with the manager of assets of CLOs. Do I have</p> <p>14 that right?</p> <p>15 A. Well, of all the assets.</p> <p>16 Q. Okay. Who is the manager of the</p> <p>17 assets that you're referring to?</p> <p>18 A. Highland Capital Management.</p> <p>19 Q. Highland Capital Management manages</p> <p>20 all of the assets -- withdrawn.</p> <p>21 Is it your understanding that</p> <p>22 Highland Capital Management manages all the</p> <p>23 assets that are owned by CLO HoldCo Limited?</p> <p>24 A. Yes.</p> <p>25 Q. Who makes the investment decisions</p>

<p style="text-align: right;">Page 14</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 on behalf of CLO HoldCo Limited?</p> <p>3 A. Highland -- those managers that you</p> <p>4 mentioned.</p> <p>5 Q. Okay. I didn't mention anybody in</p> <p>6 particular.</p> <p>7 A. Oh, I'm sorry. The -- the -- the</p> <p>8 money manager -- could you repeat that</p> <p>9 question? I'm sorry. I'm so sorry.</p> <p>10 Q. Can you just -- can you just</p> <p>11 identify for me the person who makes investment</p> <p>12 decisions on behalf of CLO HoldCo Limited.</p> <p>13 A. It's -- well, it's -- it's persons</p> <p>14 as I understand it. I inter- -- interface with</p> <p>15 a -- with a group, but it's -- it's Highland</p> <p>16 Capital employee -- Highland Capital Management</p> <p>17 employees.</p> <p>18 Q. Okay. Can you just name any of</p> <p>19 them, please.</p> <p>20 A. Hunter Covitz, Jim Dondero. Mark</p> <p>21 Okada's no longer there, but I believe he was</p> <p>22 involved, and there are others that I interface</p> <p>23 with.</p> <p>24 Q. Can you -- can you recall the name</p> <p>25 of anybody other than Mr. Okada and Mr. Dondero</p>	<p style="text-align: right;">Page 15</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 and Mr. Covitz?</p> <p>3 A. Yeah. Over the years I've worked</p> <p>4 with Tim Cournoyer, Thomas Surgent, but I</p> <p>5 think -- I think that's the core -- the core</p> <p>6 group.</p> <p>7 Q. All right. And is there anybody</p> <p>8 within that core group who has the final</p> <p>9 decision-making authority concerning the</p> <p>10 investments in CLO HoldCo Limited?</p> <p>11 A. I don't -- I don't know. I'm sorry.</p> <p>12 Say that again. I just want to -- I'm sorry.</p> <p>13 I'm trying to be -- I'm not trying to -- I'm</p> <p>14 trying to be --</p> <p>15 Q. I understand. And --</p> <p>16 A. Sorry. If you could just repeat it.</p> <p>17 Q. Sure. Is there any particular</p> <p>18 person who has the final decision-making</p> <p>19 authority for investments that are being made</p> <p>20 on behalf of CLO HoldCo Limited?</p> <p>21 A. Amongst that group I am -- I am not</p> <p>22 sure.</p> <p>23 Q. Okay. So are there any other</p> <p>24 directors of CLO HoldCo besides yourself?</p> <p>25 A. No.</p>
<p style="text-align: right;">Page 16</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Q. Is it fair to say that you do not</p> <p>3 make decisions, investment decisions, on behalf</p> <p>4 of CLO HoldCo Limited?</p> <p>5 A. Yes.</p> <p>6 Q. Does CLO HoldCo Limited have any</p> <p>7 employees that you know of?</p> <p>8 A. No.</p> <p>9 Q. Does CLO HoldCo have any --</p> <p>10 withdrawn.</p> <p>11 Does CLO HoldCo Limited have any</p> <p>12 officers that you know of?</p> <p>13 A. No.</p> <p>14 Q. So am I correct that you're the only</p> <p>15 representative in the world of CLO HoldCo in</p> <p>16 terms of being a director, officer, or</p> <p>17 employee?</p> <p>18 A. Yes.</p> <p>19 Q. Do you receive any compensation from</p> <p>20 CLO HoldCo for your services as the director?</p> <p>21 A. I do now.</p> <p>22 Q. When did that begin?</p> <p>23 A. I believe in the middle of 2012.</p> <p>24 Q. Okay. And had you served as a</p> <p>25 director prior to that time without</p>	<p style="text-align: right;">Page 17</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 compensation?</p> <p>3 A. Yes.</p> <p>4 Q. And have you been the sole director</p> <p>5 of CLO HoldCo Limited since the time of your</p> <p>6 appointment approximately ten years ago?</p> <p>7 A. Yes.</p> <p>8 Q. Nobody else has served in that</p> <p>9 capacity; is that right?</p> <p>10 A. That is correct.</p> <p>11 Q. There have been no employees or</p> <p>12 officers of that entity during the time that</p> <p>13 you've served as director, correct?</p> <p>14 A. Yes.</p> <p>15 Q. Do you know who formed CLO HoldCo</p> <p>16 Limited?</p> <p>17 A. I do not.</p> <p>18 Q. Do you know why CLO HoldCo Limited</p> <p>19 was formed?</p> <p>20 A. I believe so.</p> <p>21 Q. Can you explain to me why -- your</p> <p>22 understanding as to why CLO HoldCo was formed.</p> <p>23 A. So as I understand things, Jim</p> <p>24 Dondero wanted to create a charitable</p> <p>25 foundation-like entity or entities, and tax</p>

<p style="text-align: right;">Page 18</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 people particularly, I guess, finance people,</p> <p>3 lawyers, they created this network of entities</p> <p>4 to carry out that charitable goal. At one</p> <p>5 point, I thought it was a novel type of</p> <p>6 institution, if you want to call it, or a</p> <p>7 novel -- novel type of group of entities, but</p> <p>8 over time, I came to understand that although</p> <p>9 not cookie cutter, it -- it follows a general</p> <p>10 arrangement of entities for legal and tax</p> <p>11 purposes, compliance purposes, IRS purposes,</p> <p>12 various insulating purposes to maintain -- or</p> <p>13 to meet the necessary requisites to carry out</p> <p>14 that charitable function.</p> <p>15 Q. When did you come to that</p> <p>16 understanding?</p> <p>17 A. Over the last couple of years. I</p> <p>18 periodically have to refresh my recollection.</p> <p>19 It's -- it's fairly complex.</p> <p>20 Q. Okay. In your capacity as the sole</p> <p>21 director of CLO HoldCo Limited, do you report</p> <p>22 to anybody?</p> <p>23 A. No.</p> <p>24 Q. Other than interfacing with the</p> <p>25 manager of the assets of the CLO, do you have</p>	<p style="text-align: right;">Page 19</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 any other duties and responsibilities as a</p> <p>3 director of CLO HoldCo Limited?</p> <p>4 A. Yes. Sorry. My mouth is a little</p> <p>5 dry.</p> <p>6 Q. By the way, if you ever need to take</p> <p>7 a break, just let me know.</p> <p>8 A. Okay. Thank you. Now I forgot your</p> <p>9 question. The -- the -- the --</p> <p>10 Q. I understand.</p> <p>11 A. The answer -- the -- the answer is</p> <p>12 yes. I -- why don't you ask -- ask your</p> <p>13 question again. I'm sorry.</p> <p>14 Q. Sure. Other than interfacing with</p> <p>15 the manager of the assets of the CLO, do you</p> <p>16 have any other duties and responsibilities as</p> <p>17 the sole director of CLO HoldCo Limited?</p> <p>18 A. Yes. So Highland Capital because of</p> <p>19 its -- the way it's set up to manage or service</p> <p>20 CLO HoldCo and the DAF, it has a relatively</p> <p>21 large group of people that I have to interface</p> <p>22 with to do everything from -- everything from</p> <p>23 soup to nuts. Finances and the money</p> <p>24 management is one aspect, but most of my</p> <p>25 time -- on a day-to-day or week-to-week basis,</p>
<p style="text-align: right;">Page 20</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 most of my time is spent working with the</p> <p>3 various compliance and other people for</p> <p>4 addressing issues of get- -- you know, getting</p> <p>5 taxes filed. It runs -- it runs the gamut of</p> <p>6 every aspect of the organization being -- being</p> <p>7 handled by Highland.</p> <p>8 Q. Okay.</p> <p>9 A. You know, unlike -- unlike my</p> <p>10 financial -- unlike a financial planner that</p> <p>11 might, you know, manage assets, they -- they do</p> <p>12 it all, and I interface with them regularly to</p> <p>13 maintain -- mostly to deal with compliance</p> <p>14 issues.</p> <p>15 Q. Who's the com- -- is there a person</p> <p>16 who's in charge of compliance?</p> <p>17 A. I believe Thomas Surgent. I</p> <p>18 mentioned him. I believe he also has that</p> <p>19 role, but it's -- you know, they do have</p> <p>20 turnover, I guess, in that. It's -- I guess</p> <p>21 they refer to it as the back office. I've</p> <p>22 heard that term be used, but -- basically, it's</p> <p>23 a large number of people that have changed over</p> <p>24 time, but it's -- it's more -- I believe it's</p> <p>25 more than one collectively.</p>	<p style="text-align: right;">Page 21</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Q. How much time do you devote -- you</p> <p>3 know, can you estimate either on a weekly or a</p> <p>4 monthly basis how many -- how much time do you</p> <p>5 devote to serving as the director of CLO HoldCo</p> <p>6 Limited?</p> <p>7 A. I thought about that. Well, let --</p> <p>8 let's put it this way: There was the</p> <p>9 prebankruptcy time I spent per day, and then</p> <p>10 there was the postbankruptcy time I've spent</p> <p>11 per -- per -- or per week -- excuse me, or</p> <p>12 per -- I've estimated it as probably a day --</p> <p>13 it's so intermittent it's -- it's hard, okay?</p> <p>14 It's -- I don't dedicate my Mondays to only</p> <p>15 doing that and then Tuesday through Friday I</p> <p>16 don't, right? I -- it's -- I have to piece</p> <p>17 together everything that occurs during the</p> <p>18 week. There might be some weeks where I don't</p> <p>19 have any contact. There might be every day of</p> <p>20 the week I have multiple contact. There may be</p> <p>21 days where from morning to night there is so</p> <p>22 much contact, it precludes me from doing</p> <p>23 anything else meaningfully. So -- but I would</p> <p>24 estimate it's probably three or four -- maybe</p> <p>25 three days, four days a month when things are</p>

<p style="text-align: right;">Page 22</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 going well.</p> <p>3 Q. And -- and I think you -- you</p> <p>4 testified just now that there was kind of a</p> <p>5 difference between prebankruptcy and</p> <p>6 postbankruptcy. Do I have that right?</p> <p>7 A. Yes.</p> <p>8 Q. And can you tell me -- is it fair to</p> <p>9 say that before the bankruptcy, you didn't</p> <p>10 devote much time to CLO HoldCo, or do I have</p> <p>11 that wrong?</p> <p>12 A. Well, I -- just the time that --</p> <p>13 that I mentioned just -- I'm sorry. The -- the</p> <p>14 time I just mentioned now when you asked me,</p> <p>15 that was the pre period. Excuse me. I haven't</p> <p>16 talked about the postbankruptcy period.</p> <p>17 Q. So are you -- are you -- are you</p> <p>18 devoting more time or less time since the</p> <p>19 bankruptcy?</p> <p>20 A. Much more.</p> <p>21 Q. Much more since the bankruptcy</p> <p>22 filing?</p> <p>23 A. Yes.</p> <p>24 Q. And so why did the bankruptcy filing</p> <p>25 cause you to spend more time as a director of</p>	<p style="text-align: right;">Page 23</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 CLO HoldCo Limited?</p> <p>3 A. Well, initially, and this would</p> <p>4 be -- this would be late 2019, it was --</p> <p>5 aft- -- after the bankruptcy was -- was filed</p> <p>6 and I obtained counsel, who are on the phone</p> <p>7 now -- or in this deposition now, excuse me,</p> <p>8 that was -- that transition occurred because</p> <p>9 CLO was a debtor -- excuse me, a creditor to --</p> <p>10 to the debtor and had to take steps to</p> <p>11 establish its -- its claim. So if I understand</p> <p>12 the -- things correctly, the -- the debtor</p> <p>13 identified as part of the filing -- I don't</p> <p>14 know how bankruptcy works, but if I under- --</p> <p>15 if my recollection is correct, there's a</p> <p>16 hierarchy from biggest to smallest, and we were</p> <p>17 relatively high up. And when I say we or I,</p> <p>18 I -- I just mean CLO was relatively high up.</p> <p>19 And so initially, for the first period of so</p> <p>20 many months, the -- the exclusive focus was on</p> <p>21 our position as a creditor -- a creditor having</p> <p>22 a certain claim against a debtor.</p> <p>23 Q. Can you describe for me your</p> <p>24 understanding of the nature of the claim</p> <p>25 against the debtor.</p>
<p style="text-align: right;">Page 24</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. It was various obligations that were --</p> <p>3 owed to -- to CLO, things that had been</p> <p>4 previously donated or -- or agreements that had</p> <p>5 been set up that transferred certain assets,</p> <p>6 and it was basically the -- the -- the amounts</p> <p>7 were derived from those sorts of transactions.</p> <p>8 Q. Okay. You're a patent lawyer; is</p> <p>9 that right?</p> <p>10 A. I -- I'm exclusively a patent</p> <p>11 attorney, yes.</p> <p>12 Q. Have you been a patent lawyer on an</p> <p>13 exclusive basis since the time you graduated</p> <p>14 from law school?</p> <p>15 A. From law school, yes.</p> <p>16 Q. Can you just describe for me</p> <p>17 generally your educational background.</p> <p>18 A. So I'm an electrical engineer by</p> <p>19 training. I graduated from the University of</p> <p>20 Virginia in 1984. I then went to graduate</p> <p>21 school at the University of Illinois. I</p> <p>22 received my master's degree in 1986, and then I</p> <p>23 immediately joined IBM Research at the Thomas</p> <p>24 Watson Institute in New York where I was a --</p> <p>25 my title was research scientist, but I was -- I</p>	<p style="text-align: right;">Page 25</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 guess I was more of a research engineer, if</p> <p>3 that matters. And I did that until I</p> <p>4 transitioned -- or I began law school in the</p> <p>5 fall of 1988, and then I graduated law school</p> <p>6 in May of 1991.</p> <p>7 Q. And where did you go to law school?</p> <p>8 A. University of North Carolina.</p> <p>9 Q. Do you have any formal training in</p> <p>10 investing or finance?</p> <p>11 A. I do not.</p> <p>12 Q. Do you hold yourself out as an</p> <p>13 expert in any field of investment?</p> <p>14 A. None -- none at all.</p> <p>15 Q. Have you had any formal training</p> <p>16 with respect to compliance issues? You</p> <p>17 mentioned compliance issues earlier.</p> <p>18 A. No.</p> <p>19 Q. Now, do you have any knowledge about</p> <p>20 compliance rules or regulations?</p> <p>21 A. Minimal that I've -- that have</p> <p>22 occurred organically but -- but generally, no.</p> <p>23 Q. You don't hold yourself out as an</p> <p>24 expert in com- -- in the area of compliance,</p> <p>25 correct?</p>

<p style="text-align: right;">Page 26</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. No. No. I'm -- no.</p> <p>3 Q. Do you have any particular</p> <p>4 investment philosophy or strategy?</p> <p>5 MR. CLARK: I'm going to object to</p> <p>6 the form of the question. And, John,</p> <p>7 can -- can we get an agreement that -- I</p> <p>8 know you were objecting just simply on the</p> <p>9 form basis yesterday -- that objection to</p> <p>10 form is sufficient today?</p> <p>11 MR. MORRIS: Sure.</p> <p>12 MR. CLARK: Okay. And I object to</p> <p>13 form. Grant, you can answer to the extent</p> <p>14 you can.</p> <p>15 THE WITNESS: I forget the question</p> <p>16 now that you interrupted. I'm sorry.</p> <p>17 BY MR. MORRIS:</p> <p>18 Q. So -- so -- and I'm going to ask a</p> <p>19 different question because in hindsight, that's</p> <p>20 a good objection.</p> <p>21 In your capacity as the director</p> <p>22 of -- withdrawn.</p> <p>23 Do the employees of Highland that</p> <p>24 you identified earlier, do they make investment</p> <p>25 decisions on behalf of CLO HoldCo Limited</p>	<p style="text-align: right;">Page 27</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 without your prior knowledge on occasion?</p> <p>3 A. On occasion, they do.</p> <p>4 Q. So there's no rule that your prior</p> <p>5 approval is needed before investments are made,</p> <p>6 right?</p> <p>7 A. I don't know whether they have an</p> <p>8 internal guideline as to the amount that</p> <p>9 triggers when they get in touch with me or</p> <p>10 whether it's a new -- a change, something new,</p> <p>11 or -- versus recurring. So I don't -- I don't</p> <p>12 know what they use internally for that metric.</p> <p>13 Q. Okay. Are you aware of any</p> <p>14 guideline that was ever used by the Highland</p> <p>15 employees whereby they were required to obtain</p> <p>16 your consent prior to effectuating transactions</p> <p>17 on behalf of CLO HoldCo Limited?</p> <p>18 A. I understand there was one or more,</p> <p>19 but I do not know that.</p> <p>20 Q. Okay. Did you ever see such a</p> <p>21 policy or list of rules that would require your</p> <p>22 prior consent before the Highland employees</p> <p>23 effectuated transactions on behalf of CLO</p> <p>24 HoldCo Limited?</p> <p>25 A. Possibly some time ago, but I -- I</p>
<p style="text-align: right;">Page 28</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 don't recall.</p> <p>3 Q. Okay. So -- withdrawn. I'll --</p> <p>4 I'll go on.</p> <p>5 How did you come to be the director</p> <p>6 of CLO HoldCo?</p> <p>7 A. I was asked either by Jim Dondero</p> <p>8 or -- directly or indirectly by -- by Jim</p> <p>9 Dondero.</p> <p>10 Q. And who is Jim Dondero?</p> <p>11 A. Well, at the time, he was the head</p> <p>12 or one of the heads of Highland Capital</p> <p>13 Management, a friend of mine.</p> <p>14 Q. How long have you known Mr. Dondero?</p> <p>15 A. Since high school so that -- 1976.</p> <p>16 Q. Where did you and Mr. Dondero grow</p> <p>17 up?</p> <p>18 A. In northern New Jersey.</p> <p>19 Q. Do you consider him among the</p> <p>20 closest friends you have?</p> <p>21 A. I think he is my closest friend.</p> <p>22 Q. Did you two go to college together?</p> <p>23 A. We actually -- for the last -- last</p> <p>24 two years I was at UVA, University of Virginia,</p> <p>25 excuse me, he and I were -- were at UVA. So we</p>	<p style="text-align: right;">Page 29</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 did not start out at UVA initially, but -- but</p> <p>3 we both transferred -- I transferred my</p> <p>4 sophomore year. I was actually a chemical</p> <p>5 engineer at the University of Delaware when I</p> <p>6 transferred in, and then he transferred in his</p> <p>7 junior year. So we were there at college for</p> <p>8 two years.</p> <p>9 Q. And -- and based on your</p> <p>10 relationship with him, is it your understanding</p> <p>11 that one of the reasons he chose to transfer to</p> <p>12 UVA is -- is to -- because you were there?</p> <p>13 A. Oh, no. He transferred -- he --</p> <p>14 he -- he transferred there because of the -- so</p> <p>15 he went to the University of -- he -- he went</p> <p>16 to Virginia Tech University, which is more</p> <p>17 known as being an engineering school, which I</p> <p>18 might have wanted to go to, and less a finance</p> <p>19 business school. And if I understand things</p> <p>20 correctly, and I believe I do, he transferred</p> <p>21 to UVA because of the well-known</p> <p>22 business/finance program, accounting program.</p> <p>23 Q. And did you -- did you and</p> <p>24 Mr. Dondero become roommates at UVA?</p> <p>25 A. We weren't roommates, but we lived</p>

<p style="text-align: right;">Page 30</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 in the -- we were housemates. I'm sorry. We</p> <p>3 were housemates.</p> <p>4 Q. So you shared a house together. How</p> <p>5 would you describe your relationship with</p> <p>6 Mr. Dondero today?</p> <p>7 A. It's -- it's been strained a while,</p> <p>8 for some time, but -- but generally, very good.</p> <p>9 Good to very good.</p> <p>10 Q. Without -- without getting personal</p> <p>11 here, can you just generally identify the</p> <p>12 source of the strain that you described.</p> <p>13 A. This -- I think it would be fair to</p> <p>14 say that this bankruptcy, particularly events</p> <p>15 in 2020 so some months after the bankruptcy was</p> <p>16 declared, things have become -- we -- we still</p> <p>17 have a close friendship, but -- but things</p> <p>18 are -- are a bit -- are a bit more difficult.</p> <p>19 Q. Were you ever married?</p> <p>20 A. I've never been married.</p> <p>21 Q. Did you serve as Mr. Dondero's best</p> <p>22 man at his wedding?</p> <p>23 A. I did.</p> <p>24 Q. Is it fair to say that -- that</p> <p>25 Mr. Dondero trusts you?</p>	<p style="text-align: right;">Page 31</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 MR. CLARK: Objection, form.</p> <p>3 BY MR. MORRIS:</p> <p>4 Q. Withdrawn.</p> <p>5 Do you believe that Mr. Dondero</p> <p>6 trusts you?</p> <p>7 A. I do.</p> <p>8 Q. Over the years, is it fair to say</p> <p>9 that Mr. Dondero has confided in you?</p> <p>10 MR. CLARK: Objection, form.</p> <p>11 BY MR. MORRIS:</p> <p>12 Q. You can answer if you understand it.</p> <p>13 A. I think so.</p> <p>14 Q. I -- I -- what's your answer? You</p> <p>15 think so?</p> <p>16 A. Maybe you can de- -- I think of</p> <p>17 confide as -- could you define confide, please.</p> <p>18 Q. Sure. Is it -- is it fair to say</p> <p>19 that over the -- let me -- you've known</p> <p>20 Mr. Dondero for almost 45 years, right?</p> <p>21 A. Yes.</p> <p>22 Q. And you consider him to be your</p> <p>23 closest friend in the world, right?</p> <p>24 A. Yes.</p> <p>25 Q. And is it fair to say over the</p>
<p style="text-align: right;">Page 32</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 course of those 45 years, Mr. Dondero has</p> <p>3 shared confidential information with you that</p> <p>4 he didn't want you to reveal publicly to other</p> <p>5 people?</p> <p>6 A. Yes.</p> <p>7 Q. And is it your understanding that</p> <p>8 because of the nature of your relationship with</p> <p>9 him, he asked you to serve as the director of</p> <p>10 CLO HoldCo Limited?</p> <p>11 A. Yes. I believe it's because he --</p> <p>12 he trusted -- trusted me with -- with assets</p> <p>13 relating to his charitable vision. I -- I --</p> <p>14 yeah. Yes.</p> <p>15 Q. And is it your understanding that he</p> <p>16 thought you would help him execute his</p> <p>17 charitable vision?</p> <p>18 A. That was the point of attraction</p> <p>19 initially. It wasn't for money. I wasn't</p> <p>20 being paid. That was -- the charitable mission</p> <p>21 was the attraction.</p> <p>22 Q. Does Mr. Dondero play any role in</p> <p>23 the management of the CLO HoldCo Limited asset</p> <p>24 pool?</p> <p>25 MR. CLARK: Objection, form.</p>	<p style="text-align: right;">Page 33</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. I'm sorry. Could you repeat that?</p> <p>3 My -- my screen went small and then big again.</p> <p>4 I was distracted.</p> <p>5 Q. What role does Mr. Dondero play with</p> <p>6 respect to the management of the CLO HoldCo</p> <p>7 Limited asset pool?</p> <p>8 MR. CLARK: Objection, form.</p> <p>9 A. He is with the company that manages</p> <p>10 that asset pool. He's one of the people I</p> <p>11 named previously as managing those assets.</p> <p>12 Q. He is -- he -- he is the -- do you</p> <p>13 understand that he has the final</p> <p>14 decision-making power with respect to the</p> <p>15 management of the assets that are held by CLO</p> <p>16 HoldCo Limited?</p> <p>17 MR. CLARK: Objection, form.</p> <p>18 A. I believe I ansel -- answered that</p> <p>19 previously. I -- I don't know who has -- for</p> <p>20 certainty I do not know who has that within</p> <p>21 that company. I don't. If -- if -- I -- I</p> <p>22 don't know, consistent with my prior answer.</p> <p>23 Q. Did you ever ask anybody who had the</p> <p>24 final decision-making authority for investments</p> <p>25 on behalf of CLO HoldCo Limited?</p>

<p style="text-align: right;">Page 34</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. I -- I did not.</p> <p>3 Q. Did you ever make a decision on</p> <p>4 behalf of -- withdrawn.</p> <p>5 In your capacity as a director --</p> <p>6 withdrawn.</p> <p>7 In your capacity as the sole</p> <p>8 director of CLO HoldCo Limited, can you think</p> <p>9 of any decision that you've ever made that</p> <p>10 Mr. Dondero disagreed with?</p> <p>11 A. Since -- prior to the bankruptcy,</p> <p>12 no, not that I'm aware of.</p> <p>13 Q. And since the bankruptcy?</p> <p>14 A. There are decisions that I've made</p> <p>15 that he's disagreed with.</p> <p>16 Q. Can you identify them?</p> <p>17 A. Yes.</p> <p>18 Q. Please do so.</p> <p>19 A. Okay. So the reason I'm pausing is</p> <p>20 I'm trying to put these in chronological order</p> <p>21 and, at the same time, identify maybe some of</p> <p>22 the more important ones versus the lesser</p> <p>23 important ones. One of the decisions I made</p> <p>24 related to a request that I received from the</p> <p>25 independent board of Highland. I don't know</p>	<p style="text-align: right;">Page 35</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 how the request was transmitted to me, but I</p> <p>3 believe the way it played out is as follows: I</p> <p>4 believe I was asked to call Jim Seery, and the</p> <p>5 other -- and Russell Nelms, and the third</p> <p>6 independent director, I believe his name is</p> <p>7 John. I -- I forget right now what his last</p> <p>8 name is. They were in New York, said they were</p> <p>9 in a conference room. I called in. They were</p> <p>10 very pleasant. They identified who they were,</p> <p>11 and they had a request, and the request was</p> <p>12 that I agree to a transfer -- or that I -- that</p> <p>13 I agree to allow certain assets that were not</p> <p>14 Highland's assets but they were CLO's as- --</p> <p>15 assets -- apparently, there was no dispute</p> <p>16 about that at any point in time, but that I</p> <p>17 agree to allow certain assets that were due CLO</p> <p>18 to be transferred to the registry of the</p> <p>19 bankruptcy court. And either on that call I</p> <p>20 immediately agreed or ended the call, called my</p> <p>21 attorney, and then immediately agreed. It was</p> <p>22 a very -- I accommodated the request quickly.</p> <p>23 Q. Okay. And can you just tell me at</p> <p>24 what point in time you spoke with Mr. Dondero,</p> <p>25 and what did he say that you recall?</p>
<p style="text-align: right;">Page 36</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. I don't know when he became aware of</p> <p>3 that decision. I'm not sure I ever volunteered</p> <p>4 that the decision was even made, but at some</p> <p>5 point, it became an issue because he found out</p> <p>6 through -- if I understand the sequence of</p> <p>7 events correctly, he found out possibly through</p> <p>8 his counsel because there was ultimately</p> <p>9 litigation about that issue. It became known</p> <p>10 to everyone at some point what I had done, I --</p> <p>11 I think. And subsequent to that, it became an</p> <p>12 issue because of CLO HoldCo having fairly</p> <p>13 significant cash flow issues with respect to</p> <p>14 its expenses and obligations, including payment</p> <p>15 of management fees as well as some of the</p> <p>16 scheduled charitable giving that was -- that</p> <p>17 was by contract already predefined. My</p> <p>18 decision to tuck that money -- or to agree</p> <p>19 to -- my agreement to let that money be tucked</p> <p>20 away created some -- created some -- created</p> <p>21 some problems --</p> <p>22 Q. And -- and --</p> <p>23 A. -- for CLO HoldCo.</p> <p>24 Q. Okay. And I just want you to focus</p> <p>25 specifically on my question, and that is, what</p>	<p style="text-align: right;">Page 37</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 did Mr. Dondero say to you that -- that causes</p> <p>3 you to testify as you did, that this is one</p> <p>4 issue that he didn't agree with?</p> <p>5 A. I believe his concern was that</p> <p>6 because it was money that was undisputably to</p> <p>7 flow to CLO HoldCo that -- which had many, many</p> <p>8 other nonliquid assets -- this was a form of a</p> <p>9 liquid asset. It was cash in effect, proceeds.</p> <p>10 -- that the money should have been allowed to</p> <p>11 flow to be available for obligations. He</p> <p>12 didn't under- -- I -- I -- I don't know what he</p> <p>13 was thinking, but the -- the issue was that the</p> <p>14 decision to put it into escrow was -- was --</p> <p>15 was in- -- incorrect, that there was no basis</p> <p>16 for it.</p> <p>17 Q. That -- that's an issue where after</p> <p>18 learning of your decision, he didn't agree with</p> <p>19 it; is that fair?</p> <p>20 A. That's right.</p> <p>21 Q. Okay. Can you think of any decision</p> <p>22 that you've ever made on behalf of CLO HoldCo</p> <p>23 Limited where Mr. Dondero had advance knowledge</p> <p>24 of what you were going to do and he objected to</p> <p>25 it, but you nevertheless overruled his</p>

<p style="text-align: right;">Page 38</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 objection and went ahead and did what -- did</p> <p>3 what you thought was right?</p> <p>4 A. Okay. Let me -- let me -- I have --</p> <p>5 I'm sorry.</p> <p>6 Q. We're here.</p> <p>7 A. Oh, I'm sorry. I'm having some</p> <p>8 issues with my screen. So that may have</p> <p>9 occurred with respect to the original proof of</p> <p>10 claim. Then there was a subsequent amendment</p> <p>11 to the proof of claim, and I -- I believe it --</p> <p>12 I believe that he might have been aware of both</p> <p>13 of those and was in disagreement with -- with</p> <p>14 those. But after working with my attorney, we</p> <p>15 just -- you know, we did what we thought was</p> <p>16 right, and I still think what we did was right.</p> <p>17 There was an issue with respect to Har- --</p> <p>18 HarbourVest that occurred relatively recently</p> <p>19 where he objected to a decision that I had</p> <p>20 made. As I understand it, I could have</p> <p>21 contacted my attorney and changed the decision,</p> <p>22 but I didn't, and I still think that was the</p> <p>23 right decision.</p> <p>24 We have filed plan objections. I</p> <p>25 can't say if he has any -- in that regard, I --</p>	<p style="text-align: right;">Page 39</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 I -- I don't know what his thoughts are on</p> <p>3 objections. They would not have been</p> <p>4 communicated with -- by me to him, but my</p> <p>5 attorney might have consulted with his</p> <p>6 attorney, and there -- they may know what that</p> <p>7 difference is, but I -- that was just another</p> <p>8 big decision. I -- I -- maybe that --</p> <p>9 Q. All right. Let me see if I can --</p> <p>10 let me see if I can summarize this. So two</p> <p>11 proofs of claim. Is it fair to say that</p> <p>12 Mr. Dondero saw those proofs of claim before</p> <p>13 they were filed?</p> <p>14 MR. CLARK: Objection, form.</p> <p>15 BY MR. MORRIS:</p> <p>16 Q. Withdrawn.</p> <p>17 A. It --</p> <p>18 Q. Do -- do you know whether</p> <p>19 Mr. Dondero saw the proofs of claim before they</p> <p>20 were filed?</p> <p>21 A. I don't believe he did.</p> <p>22 Q. What -- what steps in filing the</p> <p>23 proofs of claim did he object to that you</p> <p>24 overruled? Did he think there was -- something</p> <p>25 should be different about them?</p>
<p style="text-align: right;">Page 40</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. So we had to interface with Highland --</p> <p>3 employees at some point to get information to</p> <p>4 support our proof of claim, and my guess, and</p> <p>5 it's just a guess, is that he was aware of</p> <p>6 those inquiries. I -- I'm sorry. I shouldn't</p> <p>7 speculate. I don't know. But he -- with</p> <p>8 respect to the original proof of claim, I'm --</p> <p>9 I'm not aware of what specifically he was</p> <p>10 objecting to or was -- thought should have been</p> <p>11 different, but the -- with respect to the</p> <p>12 amended proof of claim, which reduced the</p> <p>13 original proof of claim to zero, I think that's</p> <p>14 where he had a -- an issue.</p> <p>15 Q. And did you speak with him about</p> <p>16 that topic prior to the time the amended claim</p> <p>17 was filed, or did you only speak with him after</p> <p>18 it was filed?</p> <p>19 A. I'm not sure the timing of that.</p> <p>20 Q. And with respect to HarbourVest, did</p> <p>21 he ask you to object to the settlement on</p> <p>22 behalf of CLO HoldCo Limited, and is that</p> <p>23 something that you declined to do?</p> <p>24 MR. CLARK: Objection, form.</p> <p>25 A. I'm -- I'm sorry. I was confused</p>	<p style="text-align: right;">Page 41</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 with the word. Could you please repeat that?</p> <p>3 Q. Yes. You mentioned HarbourVest</p> <p>4 before, right?</p> <p>5 A. Yes.</p> <p>6 Q. And you mentioned that there was an</p> <p>7 issue with Mr. Dondero and you concerning</p> <p>8 HarbourVest; is that right?</p> <p>9 A. Yes.</p> <p>10 Q. And did that have to do with whether</p> <p>11 or not CLO HoldCo Limited would -- would object</p> <p>12 to the debtor's motion to get the HarbourVest</p> <p>13 settlement approved?</p> <p>14 A. Would -- would get the</p> <p>15 HarbourVest --</p> <p>16 Q. Settlement approved by the court.</p> <p>17 A. I'm not trying to be difficult.</p> <p>18 I'm -- I'm -- could you just repeat that one</p> <p>19 more time? I'm --</p> <p>20 Q. What was -- what was --</p> <p>21 A. There was --</p> <p>22 Q. Let me try again.</p> <p>23 A. Okay.</p> <p>24 Q. What was the issue with respect to</p> <p>25 HarbourVest that he objected to and -- and you</p>

<p style="text-align: right;">Page 42</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 overrode his objection and did what you thought</p> <p>3 was right anyway?</p> <p>4 A. Okay. Okay. That's -- that's</p> <p>5 easier for me to understand. I'm sorry. So I</p> <p>6 had worked with my attorney or he did the work</p> <p>7 and consulted with -- we consulted, but we had</p> <p>8 filed an objection, motion objecting to the</p> <p>9 settlement, if I understand the terminology and</p> <p>10 nomenclature correctly. Okay. He had -- we</p> <p>11 had come to an agreement that we had a very</p> <p>12 valid argument. That argument was evidenced</p> <p>13 by, I guess it was, our motion that was</p> <p>14 submitted to the court. On the day of the</p> <p>15 hearing to resolve this issue, we pulled our</p> <p>16 request, and that was because I believed it did</p> <p>17 not have a good-faith basis in law to move</p> <p>18 forward on.</p> <p>19 Q. And did you discuss that issue with</p> <p>20 Mr. Dondero before informing the court that CLO</p> <p>21 HoldCo Limited was withdrawing its objection,</p> <p>22 or did he learn about that for the first time</p> <p>23 during the hearing --</p> <p>24 MR. CLARK: Objection, form.</p> <p>25 BY MR. MORRIS:</p>	<p style="text-align: right;">Page 43</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Q. -- if you know?</p> <p>3 A. I -- I understand that he learned it</p> <p>4 during the hearing. I don't know the -- I -- I</p> <p>5 don't know the -- whether there was any -- I --</p> <p>6 I don't know for certain on the second half of</p> <p>7 your question.</p> <p>8 Q. Let me -- let me try it -- let me</p> <p>9 try it this way: Did you speak with</p> <p>10 Mr. Dondero about your decision to withdraw the</p> <p>11 objection to the HarbourVest settlement prior</p> <p>12 to the time your counsel made the announcement</p> <p>13 in court?</p> <p>14 A. I don't -- I don't believe so. No.</p> <p>15 No. No. I'm sorry. No.</p> <p>16 Q. And did --</p> <p>17 A. Okay. No. Here -- here's where</p> <p>18 I'm -- I can clarify, okay? I'm sorry. I can</p> <p>19 clarify.</p> <p>20 Q. That's all right.</p> <p>21 A. I gave the decision to my</p> <p>22 attorney -- I -- I agreed with the</p> <p>23 recommendation of my attorney, okay? It wasn't</p> <p>24 my --</p> <p>25 Q. Did you have a good --</p>
<p style="text-align: right;">Page 44</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. -- thought, okay?</p> <p>3 THE REPORTER: I didn't --</p> <p>4 A. Okay. So he --</p> <p>5 Q. It was a recommendation.</p> <p>6 A. Yeah. So he -- he called me with a</p> <p>7 recommendation. It was highly urgent. You</p> <p>8 know, I was coming out of the men's room, had</p> <p>9 my phone with me. I got the call.</p> <p>10 MR. CLARK: Hey, Grant, I -- Grant,</p> <p>11 I just want to caution you not to -- to --</p> <p>12 and I don't think counsel is looking for</p> <p>13 this but not to disclose the -- the</p> <p>14 substance of any of your communications</p> <p>15 with counsel, okay?</p> <p>16 THE WITNESS: Thank you.</p> <p>17 A. So --</p> <p>18 THE WITNESS: Thank you. I'm -- I'm</p> <p>19 sorry.</p> <p>20 BY MR. MORRIS:</p> <p>21 Q. It's -- it's really a very simple</p> <p>22 question. Do you recall --</p> <p>23 A. He made a recommendation. I -- I --</p> <p>24 I think I can answer your question without</p> <p>25 going off tangent. I'm sorry. So he -- my</p>	<p style="text-align: right;">Page 45</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 attorney made a recommendation. I agreed with</p> <p>3 it. We with- -- I -- I told him to withdraw --</p> <p>4 or I authorized him to withdraw.</p> <p>5 Q. Okay.</p> <p>6 A. Then I received a communication, and</p> <p>7 I -- I guess the most likely scenario is the</p> <p>8 motion had been withdrawn by the time Jim</p> <p>9 Dondero found out.</p> <p>10 Q. And -- and did he write to you, or</p> <p>11 did he call you? Did he send you a text?</p> <p>12 A. He called me.</p> <p>13 Q. What did he say?</p> <p>14 A. He was asking why, and I explained,</p> <p>15 and I said I agreed with the decision and I was</p> <p>16 sticking with the decision.</p> <p>17 Q. Let's just -- let's just move on to</p> <p>18 a new topic, and let's talk about the structure</p> <p>19 of -- of CLO HoldCo. Are you generally</p> <p>20 familiar with the ownership structure of CLO</p> <p>21 HoldCo?</p> <p>22 A. Yeah. I mean, in terms --</p> <p>23 Q. Are -- are you -- are you generally</p> <p>24 familiar with it? It's not a test. I'm just</p> <p>25 asking do you have a general familiarity --</p>

<p style="text-align: right;">Page 46</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. With CLO HoldCo or the entities</p> <p>3 associated with CLO HoldCo?</p> <p>4 Q. The latter.</p> <p>5 A. Yes, I believe so.</p> <p>6 Q. All right. I've prepared what's</p> <p>7 called a demonstrative exhibit. It's just --</p> <p>8 A. Yes.</p> <p>9 Q. -- just -- it's a document that, I</p> <p>10 think, reflects facts, but I want to ask you</p> <p>11 about it.</p> <p>12 MR. MORRIS: La Asia, can we please</p> <p>13 put up Exhibit 1.</p> <p>14 (SCOTT EXHIBIT 1, Organizational</p> <p>15 Structure: CLO HoldCo, Ltd., was marked</p> <p>16 for identification.)</p> <p>17 BY MR. MORRIS:</p> <p>18 Q. Okay. Can you see that, Mr. Scott?</p> <p>19 A. Yes, I can.</p> <p>20 Q. Okay. So I think I took the</p> <p>21 information from resolutions that were attached</p> <p>22 to the CLO HoldCo proof of claim, and that's</p> <p>23 why you got that little footnote there at the</p> <p>24 bottom of the page. But let's start in the</p> <p>25 lower right-hand corner and see if this chart</p>	<p style="text-align: right;">Page 47</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 comports with your understanding of the facts.</p> <p>3 Do you know that CLO HoldCo Limited</p> <p>4 was formed in the Cayman Islands?</p> <p>5 A. Yes.</p> <p>6 Q. And to the best of your knowledge,</p> <p>7 is CLO HoldCo Limited 100 percent owned by the</p> <p>8 Charitable DAF Fund, L.P.? If you're not sure,</p> <p>9 just say you're not sure if you don't know.</p> <p>10 It's not a test.</p> <p>11 A. So the -- the -- the familiarity</p> <p>12 I -- I'm -- I'm familiar with the different --</p> <p>13 I'm confused with the arrangement of the boxes</p> <p>14 and the ownership interest versus managerial</p> <p>15 interest. I believe that's -- that's right.</p> <p>16 Q. Okay. And -- and you're the sole</p> <p>17 director of CLO HoldCo Limited, right?</p> <p>18 A. Yes.</p> <p>19 Q. And this whole structure was -- the</p> <p>20 idea for this structure, to the best of your</p> <p>21 knowledge, was to implement Mr. Dondero's plan</p> <p>22 for charitable giving; is that fair?</p> <p>23 A. Yes. Ultimately, yes.</p> <p>24 Q. And is it fair to say then that</p> <p>25 he -- he made the decision to establish this</p>
<p style="text-align: right;">Page 48</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 particular structure, to the best of your</p> <p>3 knowledge?</p> <p>4 A. I -- I didn't -- I'm sorry. I</p> <p>5 didn't hear you very well.</p> <p>6 Q. To the best of your knowledge, did</p> <p>7 Mr. Dondero make the decisions to establish the</p> <p>8 structure that's reflected on this page?</p> <p>9 A. Oh, I don't know if he made the</p> <p>10 decision to establish this structure, although</p> <p>11 it's -- it's -- I'm sorry. Strike that. I --</p> <p>12 if -- if what you're saying is did he approve</p> <p>13 of this structure, to my knowledge, yes.</p> <p>14 Q. Okay. Do you hold any position with</p> <p>15 respect to Charitable DAF Fund, L.P.?</p> <p>16 A. I -- I -- your chart says no. I --</p> <p>17 I -- I thought I had a role there, too.</p> <p>18 Q. I don't know. I don't have</p> <p>19 information on that. That's why I'm asking the</p> <p>20 question.</p> <p>21 A. I -- I -- I believe -- yes, I</p> <p>22 believe I have the same role as I do in -- in</p> <p>23 CLO HoldCo.</p> <p>24 Q. And that would be director?</p> <p>25 A. Yes.</p>	<p style="text-align: right;">Page 49</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Q. And to the best of your knowledge,</p> <p>3 is the Charitable DAF GP, LLC, the general</p> <p>4 partner of Charitable DAF Fund, L.P.?</p> <p>5 A. Yes.</p> <p>6 Q. And is it your understanding that</p> <p>7 you are the managing member of Charitable DAF</p> <p>8 GP, LLC?</p> <p>9 A. Yes.</p> <p>10 Q. Does Charitable DAF GP, LLC, have</p> <p>11 any employees?</p> <p>12 A. No.</p> <p>13 Q. Does Charitable DAF GP, LLC, have</p> <p>14 any officers or directors?</p> <p>15 A. No.</p> <p>16 Q. Are you the only person affiliated</p> <p>17 with Charitable DAF GP, LLC, to the best of</p> <p>18 your --</p> <p>19 A. I believe so.</p> <p>20 Q. Do you receive any compensation for</p> <p>21 serving as the managing member of Charitable</p> <p>22 DAF GP, LLC?</p> <p>23 A. No. The -- I don't interact with it</p> <p>24 very often. It's -- no, I don't receive any</p> <p>25 compensation.</p>

<p style="text-align: right;">Page 50</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Q. Can you tell me in your capacity as</p> <p>3 the managing member of Charitable DAF GP, LLC,</p> <p>4 what's the nature of that entity's business?</p> <p>5 A. It -- it doesn't perform any</p> <p>6 day-to-day operations. My understanding is --</p> <p>7 is that it's -- it's there for purposes of</p> <p>8 compliance. I can't recall the last time I had</p> <p>9 any activity with respect to that.</p> <p>10 Q. How about the Charitable DAF Fund,</p> <p>11 L.P.? I apologize if I've asked you these</p> <p>12 questions.</p> <p>13 A. It -- it's the same. I -- I -- my</p> <p>14 activity is almost exclusively CLO HoldCo.</p> <p>15 Q. All right. Let me just ask the</p> <p>16 questions nevertheless. Does Charitable DAF</p> <p>17 Fund, L.P., have any employees?</p> <p>18 A. Employees? No.</p> <p>19 Q. Does it have any officers and</p> <p>20 directors?</p> <p>21 A. No.</p> <p>22 Q. Are you the sole director of</p> <p>23 Charitable DAF Fund, L.P.?</p> <p>24 A. Yes, I believe so.</p> <p>25 Q. So if we -- if we put under</p>	<p style="text-align: right;">Page 51</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Charitable DAF Fund, L.P., Grant Scott,</p> <p>3 director, and we put under CLO HoldCo Limited</p> <p>4 Grant Scott, director, would everything on the</p> <p>5 right side of that page be accurate, to the</p> <p>6 best of your --</p> <p>7 A. I believe so.</p> <p>8 Q. Well, let's move to the left side of</p> <p>9 the page. Have you heard of the entity</p> <p>10 Charitable DAF HoldCo Limited?</p> <p>11 A. Yes.</p> <p>12 Q. Are you the sole director of</p> <p>13 Charitable DAF HoldCo Limited?</p> <p>14 A. Yes.</p> <p>15 Q. How did you become -- how did you</p> <p>16 come to be the char- -- the sole director of</p> <p>17 Charitable DAF HoldCo Limited?</p> <p>18 A. That was when it was established.</p> <p>19 Q. And did Mr. Dondero ask you to serve</p> <p>20 in that capacity?</p> <p>21 A. Yes.</p> <p>22 Q. And did Mr. Dondero ask you to serve</p> <p>23 as the managing member of Charitable DA- -- DAF</p> <p>24 GP, LLC?</p> <p>25 A. Yes.</p>
<p style="text-align: right;">Page 52</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Q. And did Mr. Dondero ask you to serve</p> <p>3 as the director of Charitable DAF, L.P. --</p> <p>4 withdrawn.</p> <p>5 Did Mr. Dondero ask you to serve as</p> <p>6 director of Charitable DAF Fund, L.P.?</p> <p>7 A. Yes.</p> <p>8 Q. To the best of your knowledge, does</p> <p>9 Charitable DAF HoldCo Limited own 99 percent of</p> <p>10 the limited partnership interests in Charitable</p> <p>11 DAF Fund, L.P.?</p> <p>12 A. Yes. The -- the feed -- the -- the</p> <p>13 feeds -- the -- the three horizontal blocks</p> <p>14 there that identify Highland Dallas Foundation,</p> <p>15 Kansas City, Santa Barbara -- there's a fourth</p> <p>16 of -- relatively de minimus in terms of</p> <p>17 participation. There's a fourth entity that's</p> <p>18 missing. It's Dallas -- I forget the name.</p> <p>19 That -- that -- that structure is -- is a bit</p> <p>20 dated --</p> <p>21 Q. Okay.</p> <p>22 A. -- as it -- as is shown.</p> <p>23 Q. Okay. So I will tell you and we can</p> <p>24 look the documents if you want, but attached to</p> <p>25 CLO HoldCo Limited's claim are a number of</p>	<p style="text-align: right;">Page 53</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 resolutions, and there's one that I have in</p> <p>3 mind that shows Charitable DAF HoldCo Limited</p> <p>4 holding 99 percent of the limited partnership</p> <p>5 interests of Charitable DAF Fund, L.P., and</p> <p>6 there's another that shows it being a hundred</p> <p>7 percent. Do you -- do you know which is</p> <p>8 accurate at least at this time?</p> <p>9 A. There's a 1 percent/99 percent</p> <p>10 division, and I am -- I believe it's the 99</p> <p>11 percent, but I'm -- I'm getting confused by</p> <p>12 the -- by the arrangement. I'm so used to</p> <p>13 another arrangement. I -- I believe the 99</p> <p>14 percent is correct.</p> <p>15 Q. Okay. Do you have any understanding</p> <p>16 as to who owns the other 1 percent of the</p> <p>17 limited partnership interests of Charitable DAF</p> <p>18 Fund, L.P.?</p> <p>19 A. No. This -- this is confusing to</p> <p>20 me. No.</p> <p>21 Q. Okay. There are, at least on this</p> <p>22 page, three foundations that I think you've</p> <p>23 identified. Are those three foundations</p> <p>24 together with the fourth that you mentioned the</p> <p>25 owners of the Charitable DAF HoldCo Limited?</p>

<p style="text-align: right;">Page 54</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. Owners?</p> <p>3 Q. Yes.</p> <p>4 MR. CLARK: Objection, form.</p> <p>5 A. They -- they only participate in the</p> <p>6 money that flows up to them.</p> <p>7 Q. And what does that mean exactly?</p> <p>8 A. What's that?</p> <p>9 Q. What does that -- what do you mean</p> <p>10 by that? Do the foundations fund Charitable</p> <p>11 DAF Fund HoldCo Limited?</p> <p>12 A. Initially. Initially, as I</p> <p>13 understand it, the money flows downward into</p> <p>14 the Charitable DAF HoldCo Limited before it</p> <p>15 ultimately makes its way to CLO HoldCo, and</p> <p>16 then each of those three entities, the various</p> <p>17 foundations, obtain participation interest in</p> <p>18 the money that flows back to them.</p> <p>19 Q. And -- and is that par- -- are those</p> <p>20 participation interests in Charitable -- you</p> <p>21 know what, let -- let me just pull up one</p> <p>22 document and see if that helps.</p> <p>23 MR. MORRIS: Can we put up -- I</p> <p>24 think it's Exhibit Number 5.</p> <p>25 (SCOTT EXHIBIT 2, Unanimous Written</p>	<p style="text-align: right;">Page 55</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Consent of Directors In Lieu of Meeting,</p> <p>3 was marked for identification.)</p> <p>4 MR. MORRIS: I apologize. Let's go</p> <p>5 to --</p> <p>6 MS. CANTY: I'm sorry, John. I</p> <p>7 can't hear you. Was that not the exhibit?</p> <p>8 MR. MORRIS: 4.</p> <p>9 MS. CANTY: Okay.</p> <p>10 THE REPORTER: And Mr. Morris, you</p> <p>11 are -- Mr. Morris, you are breaking up just</p> <p>12 a little bit at the end of your questions.</p> <p>13 BY MR. MORRIS:</p> <p>14 Q. Okay. Do you see the document on</p> <p>15 the screen, sir?</p> <p>16 A. Yes, I do.</p> <p>17 Q. Okay. And so this is a unanimous</p> <p>18 written consent of the directors of the</p> <p>19 Highland Dallas Foundation. That's one of the</p> <p>20 entities that was on the chart.</p> <p>21 MR. MORRIS: Can we scroll down to</p> <p>22 the -- the bottom of the document where the</p> <p>23 signature lines are. Right there.</p> <p>24 BY MR. MORRIS:</p> <p>25 Q. Are you a director of the Highland</p>
<p style="text-align: right;">Page 56</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Dallas Foundation?</p> <p>3 A. Yes, selected by them.</p> <p>4 Q. Selected by whom?</p> <p>5 A. By that foundation.</p> <p>6 Q. Are you -- are you a director of all</p> <p>7 of the four foundations that feed into the</p> <p>8 Charitable DAF HoldCo Limited entities that --</p> <p>9 A. No.</p> <p>10 Q. Which of the four foundations are</p> <p>11 you a director of?</p> <p>12 A. This and the Santa Barbara -- I'm</p> <p>13 sorry, Santa Barbara and Kansas City.</p> <p>14 Q. So is -- there's one that you're not</p> <p>15 a director of; is that right?</p> <p>16 A. Yes.</p> <p>17 Q. And which one is that?</p> <p>18 A. The -- could you go back to the --</p> <p>19 Q. Yeah.</p> <p>20 MR. MORRIS: Go back to the</p> <p>21 demonstrative.</p> <p>22 A. It's the Highland Dallas Foundation</p> <p>23 and Santa Barbara Foundation.</p> <p>24 Q. Those are the two that you're a</p> <p>25 director of?</p>	<p style="text-align: right;">Page 57</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. Yes.</p> <p>3 Q. To the best of your knowledge, does</p> <p>4 Mr. Dondero serve as the president for each of</p> <p>5 the foundations that we're talking about?</p> <p>6 A. Yes.</p> <p>7 Q. To the best of your knowledge, is</p> <p>8 Mr. Dondero a director of each of the</p> <p>9 foundations that we're talking about?</p> <p>10 A. Say that again. I'm sorry.</p> <p>11 Q. Is he also a director of each of the</p> <p>12 foundations?</p> <p>13 A. Yes.</p> <p>14 Q. Do you know whether any of the</p> <p>15 foundations has any employees?</p> <p>16 A. I believe they do, but I -- I -- I</p> <p>17 can't say for certain.</p> <p>18 Q. Does -- withdrawn.</p> <p>19 Do you know if there are any</p> <p>20 officers of any of the four foundations other</p> <p>21 than Mr. Dondero's service as president?</p> <p>22 A. I'm sorry. Say that one more time,</p> <p>23 please.</p> <p>24 Q. Yes. Do you know whether any of the</p> <p>25 four foundations has any officers other than</p>

<p style="text-align: right;">Page 58</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Mr. Dondero's service as president?</p> <p>3 A. No.</p> <p>4 Q. You don't know, or they do not?</p> <p>5 A. I -- I don't believe anyone else</p> <p>6 has. I -- actually, I should say I don't -- I</p> <p>7 don't recall. I -- I don't know. I don't -- I</p> <p>8 don't know.</p> <p>9 Q. As a director of the Dallas and</p> <p>10 Santa Barbara foundations, are you aware of any</p> <p>11 officers serving for either of those</p> <p>12 foundations other than Mr. Dondero?</p> <p>13 A. No.</p> <p>14 Q. Do you know who the beneficial owner</p> <p>15 of the Charitable DAF HoldCo Limited entity is?</p> <p>16 A. The beneficial owner?</p> <p>17 Q. Correct.</p> <p>18 A. The various -- various trusts that</p> <p>19 were used to -- that were the vehicles by which</p> <p>20 the money originally was established within --</p> <p>21 within -- within CLO HoldCo.</p> <p>22 Q. Would that be -- would one of them</p> <p>23 be the Get Good Nonexempt Trust?</p> <p>24 A. Yes.</p> <p>25 Q. And you're a trustee of the Get Good</p>	<p style="text-align: right;">Page 59</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Nonexempt Trust, right?</p> <p>3 A. Yes.</p> <p>4 Q. When did you become a trustee of the</p> <p>5 Get Good Nonexempt Trust?</p> <p>6 A. Many years ago. I -- I don't</p> <p>7 remember.</p> <p>8 Q. Are there any other trustees of the</p> <p>9 Get Good Nonexempt Trust?</p> <p>10 A. No.</p> <p>11 Q. Does the Get Good Nonexempt Trust</p> <p>12 have any officers, directors, or employees?</p> <p>13 A. No.</p> <p>14 MR. CLARK: Objection, form. Sorry.</p> <p>15 BY MR. MORRIS:</p> <p>16 Q. Withdrawn.</p> <p>17 Do you know whether the Get Good</p> <p>18 Nonexempt Trust has any officers, directors, or</p> <p>19 employees?</p> <p>20 A. It does not.</p> <p>21 Q. And I apologize if I asked this, but</p> <p>22 are you the only trustee of the Get Good</p> <p>23 Nonexempt Trust?</p> <p>24 A. Yes.</p> <p>25 Q. Is the Dugaboy Investment Trust also</p>
<p style="text-align: right;">Page 60</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 one of the trusts that has an interest in</p> <p>3 Charitable DAF HoldCo Limited?</p> <p>4 A. Yes.</p> <p>5 Q. Are you a trustee of the Dugaboy</p> <p>6 Investment Trust?</p> <p>7 A. I am not.</p> <p>8 Q. Do you know who is?</p> <p>9 A. I believe it's his sister.</p> <p>10 Q. And is that -- you're referring to</p> <p>11 Mr. Dondero's sister?</p> <p>12 A. I'm sorry. Yes.</p> <p>13 Q. And what's the basis for your</p> <p>14 understanding that Mr. Dondero's sis- -- sister</p> <p>15 serves as the trustee of the Dugaboy Investment</p> <p>16 Trust?</p> <p>17 A. Many years ago there was a -- there</p> <p>18 was a clerical error that identified me as the</p> <p>19 trustee of the Dugaboy. That error was present</p> <p>20 for approximately two weeks or a week and a</p> <p>21 half before it was detected and corrected, and</p> <p>22 so I know from that correction that it's Nancy</p> <p>23 Dondero.</p> <p>24 Q. Are there any other trusts that have</p> <p>25 an interest in Charitable DAF HoldCo Limited</p>	<p style="text-align: right;">Page 61</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 besides those trusts, to the best of your</p> <p>3 knowledge?</p> <p>4 A. No.</p> <p>5 Q. Is it your understanding based on</p> <p>6 what we've just talked about that the Get Good</p> <p>7 Nonexempt Trust and the Dugaboy Investment</p> <p>8 Trust are the indirect beneficiaries of CLO</p> <p>9 HoldCo Limited?</p> <p>10 A. Yes.</p> <p>11 Q. Can you tell me who the</p> <p>12 beneficiaries are of the Get Good trust?</p> <p>13 A. I mean, Jim Dondero.</p> <p>14 Q. And -- and what is that -- is that</p> <p>15 based on the trust agreement -- your knowledge</p> <p>16 of the trust agreement?</p> <p>17 A. Yes.</p> <p>18 Q. Do you have an understanding of who</p> <p>19 the beneficiary is of the Dugaboy Investment</p> <p>20 Trust?</p> <p>21 A. I don't know anything about that</p> <p>22 trust.</p> <p>23 MR. MORRIS: Okay. All right.</p> <p>24 Let's take a short break and reconvene at</p> <p>25 3:30 Eastern Time. We've been going for a</p>

<p style="text-align: right;">Page 62</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 while.</p> <p>3 MR. CLARK: Thank you.</p> <p>4 MR. MORRIS: Okay. Thank you.</p> <p>5 (Whereupon, there was a recess in</p> <p>6 the proceedings from 3:20 p.m. to</p> <p>7 3:31 p.m.)</p> <p>8 BY MR. MORRIS:</p> <p>9 Q. Mr. Scott, earlier I think you</p> <p>10 testified that you interfaced with the folks at</p> <p>11 Highland in connection with your duties as the</p> <p>12 director of CLO HoldCo Limited, right?</p> <p>13 A. Yes.</p> <p>14 Q. Are you aware of any written</p> <p>15 agreement between Highland Capital Management</p> <p>16 and CLO HoldCo Limited?</p> <p>17 A. Yes, the various servicer</p> <p>18 agreements.</p> <p>19 Q. Okay. Are you aware that</p> <p>20 Mr. Dondero resigned from his position at</p> <p>21 Highland Capital Management sometime in</p> <p>22 October?</p> <p>23 A. No.</p> <p>24 Q. Have you communicated with anybody</p> <p>25 at Highland Capital Management about the</p>	<p style="text-align: right;">Page 63</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 affairs of CLO HoldCo Limited at any time since</p> <p>3 October?</p> <p>4 A. Yes.</p> <p>5 Q. Anybody other than Jim Seery?</p> <p>6 A. Yes.</p> <p>7 Q. Okay. Let's start with Mr. Seery.</p> <p>8 You've spoken with him before, right?</p> <p>9 A. Yes.</p> <p>10 Q. Do you have his phone number?</p> <p>11 A. Yes.</p> <p>12 Q. How many times have you spoken with</p> <p>13 Mr. Seery, to the best of your recollection,</p> <p>14 just generally? It's not a test.</p> <p>15 A. Three, maybe four times.</p> <p>16 Q. Okay. Can you identify by name</p> <p>17 anybody else at Highland that you've spoken</p> <p>18 with since -- in the last two or three months?</p> <p>19 A. I spoke to Jim Dondero. I've spoken</p> <p>20 with Mike Throckmorton. The usual suspects, so</p> <p>21 to speak. Mark Patrick, Mel -- Melissa</p> <p>22 Schroth.</p> <p>23 Q. Can you recall anybody else?</p> <p>24 A. No. No. Sorry.</p> <p>25 Q. Did you -- did you -- withdrawn.</p>
<p style="text-align: right;">Page 64</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Do you recall the subject matter of</p> <p>3 your discussions with Mr. Throckmorton?</p> <p>4 MR. CLARK: Objection, form.</p> <p>5 BY MR. MORRIS:</p> <p>6 Q. Withdrawn.</p> <p>7 Do you recall your -- the subject</p> <p>8 matter of your communications with</p> <p>9 Mr. Throckmorton?</p> <p>10 MR. CLARK: Objection, form.</p> <p>11 BY MR. MORRIS:</p> <p>12 Q. You can answer.</p> <p>13 A. I -- I regularly interface with</p> <p>14 Mr. Throckmorton regarding approvals of</p> <p>15 expenses, and he's my sort of -- he's my point</p> <p>16 person for approving wire transfers and things</p> <p>17 of that nature.</p> <p>18 Q. How about Mr. Patrick, what -- what</p> <p>19 area of responsibility does he have with</p> <p>20 respect to CLO HoldCo Limited?</p> <p>21 A. He -- he doesn't, to my knowledge.</p> <p>22 Q. Do you recall the nature of the</p> <p>23 substance of any communications that you've had</p> <p>24 with Mr. Patrick since -- you know, the last</p> <p>25 two or three months?</p>	<p style="text-align: right;">Page 65</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. Yes. Or -- yes.</p> <p>3 Q. And what -- what are the nature of</p> <p>4 those conversations or the substance?</p> <p>5 A. He was -- he was one of the</p> <p>6 individuals that helped to establish the</p> <p>7 hierarchy for the -- what I keep referring to</p> <p>8 as the charitable foundation.</p> <p>9 Q. And -- and do you recall why you</p> <p>10 spoke to him in the last -- or -- withdrawn.</p> <p>11 Do you recall the nature of your</p> <p>12 communications in the last two or three months</p> <p>13 with Mr. Patrick?</p> <p>14 A. I --</p> <p>15 MR. CLARK: And hold on, Grant. I'm</p> <p>16 going to caution -- my understanding -- I</p> <p>17 believe Mr. Patrick's an attorney, and so</p> <p>18 I'm going to caution you that you shouldn't</p> <p>19 disclose the substance of -- of those</p> <p>20 communications based on the attorney-client</p> <p>21 privilege.</p> <p>22 MR. MORRIS: Well, I'm -- I -- I am</p> <p>23 the lawyer for the company so -- I guess</p> <p>24 there are other people on the phone and I</p> <p>25 appreciate that, but let's see if we can --</p>

<p style="text-align: right;">Page 66</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 I don't mean to be contentious here, so it</p> <p>3 wouldn't -- I -- I'd be part of the</p> <p>4 privilege anyway.</p> <p>5 BY MR. MORRIS:</p> <p>6 Q. But in any event, can you tell me</p> <p>7 generally -- I'm just looking for general</p> <p>8 subject matter of your conversations with</p> <p>9 Mr. Patrick.</p> <p>10 A. I asked him how I would go about</p> <p>11 re- -- resigning my position.</p> <p>12 Q. And when did that conversation take</p> <p>13 place?</p> <p>14 A. Within the last two weeks.</p> <p>15 Q. Have you made a decision to resign?</p> <p>16 A. No.</p> <p>17 Q. I think you mentioned Melissa</p> <p>18 Schroth. Do I have that right?</p> <p>19 A. Yes.</p> <p>20 Q. Can you describe generally the</p> <p>21 communications you had with Ms. Schroth in the</p> <p>22 last few months.</p> <p>23 A. They -- she has e-mailed me certain</p> <p>24 documents that I needed to sign. I had a</p> <p>25 conversation with her about -- about some</p>	<p style="text-align: right;">Page 67</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 home -- home improvements, home construction</p> <p>3 with respect to Jim Dondero's home in Colorado,</p> <p>4 and that's -- I -- I think that's -- that's it.</p> <p>5 Q. Okay. Do you recall communicating</p> <p>6 with anybody at Highland in the last three</p> <p>7 months other than Mr. Dondero,</p> <p>8 Mr. Throckmorton, Mr. Patrick, and Ms. Schroth?</p> <p>9 A. I -- I spoke with Jim Seery this</p> <p>10 week.</p> <p>11 Q. Anybody else?</p> <p>12 A. I don't -- I don't know.</p> <p>13 Q. Okay.</p> <p>14 A. I don't think so.</p> <p>15 Q. In your communications with</p> <p>16 Mr. Seery, did you two ever discuss his reasons</p> <p>17 for making any trade on behalf of any CLO?</p> <p>18 A. No.</p> <p>19 Q. In your discussions with Mr. Seery,</p> <p>20 did you ever tell him that you believed that</p> <p>21 Highland Capital Management had breached any</p> <p>22 agreement in relation to any CLO?</p> <p>23 A. Have I had that discussion with Jim</p> <p>24 Seery?</p> <p>25 Q. Yes.</p>
<p style="text-align: right;">Page 68</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. No.</p> <p>3 Q. In your discussions with Mr. Seery,</p> <p>4 did you ever tell him that you thought Highland</p> <p>5 Capital Management was in default under any</p> <p>6 agreement in relation to the CLOs?</p> <p>7 A. No.</p> <p>8 Q. I want to focus in particular on the</p> <p>9 shared services agreement. In -- in your</p> <p>10 discussions with Mr. Seery, did you ever tell</p> <p>11 him that you believed that Highland Capital</p> <p>12 Management was in default or in breach of its</p> <p>13 shared services agreement with CLO HoldCo</p> <p>14 Limited?</p> <p>15 A. No.</p> <p>16 Q. In your communications with</p> <p>17 Mr. Seery, did you ever indicate any concern on</p> <p>18 the part of CLO HoldCo Limited with respect to</p> <p>19 Highland Capital's Man- -- Highland Capital</p> <p>20 Management's performance under the shared</p> <p>21 services agreement?</p> <p>22 A. No.</p> <p>23 Q. As you sit here today, do you have</p> <p>24 any reason to believe that Highland Capital</p> <p>25 Management has done anything wrong in</p>	<p style="text-align: right;">Page 69</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 connection with its performance as the</p> <p>3 portfolio manager of the CLOs in which CLO</p> <p>4 HoldCo Limited has invested?</p> <p>5 MR. CLARK: Object to form.</p> <p>6 A. In terms of the -- are you saying --</p> <p>7 please say that again. I'm sorry.</p> <p>8 Q. That's okay. I ask long questions</p> <p>9 sometimes so forgive me, but I'm trying to</p> <p>10 get -- I'm trying to be precise so that's why</p> <p>11 it's difficult sometimes. But let me try</p> <p>12 again.</p> <p>13 Does CLO HoldCo Limited contend that</p> <p>14 Highland Capital Management has done anything</p> <p>15 wrong in the performance of its duties as</p> <p>16 portfolio manager of the CLOs in which CLO</p> <p>17 HoldCo has invested?</p> <p>18 MR. CLARK: Objection, form.</p> <p>19 A. Yes. It's -- it's outlined in our</p> <p>20 objections to -- to the plan.</p> <p>21 Q. Okay. Any -- are you aware of</p> <p>22 anything that's not contained within CLO Holdco</p> <p>23 Limited's objection to the plan?</p> <p>24 MR. CLARK: Objection, form.</p> <p>25 A. I don't know if this is responsive</p>

<p style="text-align: right;">Page 70</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 to your quest -- request, but two -- two</p> <p>3 issues, I believe, also pose an in- -- a</p> <p>4 problem for CLO HoldCo. One is we are paying</p> <p>5 for services. I think I referred to the</p> <p>6 services as being soup to nuts, but we are not</p> <p>7 getting the full services. We haven't been for</p> <p>8 some time. So we're likely overpaying. There</p> <p>9 was a Highland Select Equity issue, 11-month</p> <p>10 payment that was delayed which I was unaware of</p> <p>11 was due. Normally, I would have interfaced</p> <p>12 with someone at Highland about that, but my</p> <p>13 attorney -- but my -- my attorney had to make a</p> <p>14 request for payment, and that payment was</p> <p>15 ultimately made. I -- other than that, I -- I</p> <p>16 don't -- I don't know. I don't believe so.</p> <p>17 Q. I want to distinguish between the</p> <p>18 shared services agreement between Highland</p> <p>19 Capital Management and CLO HoldCo Limited on</p> <p>20 the one hand and on the other hand the</p> <p>21 management agreements pursuant to which</p> <p>22 Highland Capital Management manages certain</p> <p>23 CLOs that CLO HoldCo invests in.</p> <p>24 You understand the distinction that</p> <p>25 I'm making?</p>	<p style="text-align: right;">Page 71</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. Now I do. I'm sorry. I didn't</p> <p>3 appreciate that.</p> <p>4 Q. Okay. So let's just take each of</p> <p>5 those pieces one at a time. You mentioned your</p> <p>6 concern about services. That's a concern that</p> <p>7 arises under the shared services agreement,</p> <p>8 right?</p> <p>9 A. Yes.</p> <p>10 Q. And you mentioned something about a</p> <p>11 delayed payment having to do with Highland</p> <p>12 Select. Do I have that generally right?</p> <p>13 A. Correct.</p> <p>14 Q. And is that a concern that you have</p> <p>15 that arises under the shared services</p> <p>16 agreement?</p> <p>17 A. It's not the agreement with respect</p> <p>18 to the CLOs as I understand it.</p> <p>19 Q. Okay. So then let's turn to that</p> <p>20 second bucket. You were aware -- you are</p> <p>21 aware, are you not, that Highland Capital</p> <p>22 Management has certain agreements with CLOs</p> <p>23 pursuant to which it manages the assets that</p> <p>24 are owned by the CLOs?</p> <p>25 A. I'm so sorry. Could you please --</p>
<p style="text-align: right;">Page 72</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Q. I'll try again.</p> <p>3 A. I'm just -- I'm sorry. I was</p> <p>4 distracted and -- and I -- I'm sorry for asking</p> <p>5 you to repeat it again. Please --</p> <p>6 Q. Okay.</p> <p>7 A. Please re- --</p> <p>8 Q. Are you aware that CLO HoldCo</p> <p>9 Limited has made investments in certain CLOs?</p> <p>10 A. Oh, yes, certainly.</p> <p>11 Q. And are you aware that those CLOs</p> <p>12 are managed by Highland Capital Management?</p> <p>13 A. Yes. As the -- as the servicer,</p> <p>14 yes.</p> <p>15 Q. Okay. Have you ever seen any of the</p> <p>16 agreements pursuant to which Highland Capital</p> <p>17 Management acts as a servicer?</p> <p>18 A. I've seen a few, yes.</p> <p>19 Q. Does CLO HoldCo Limited contend that</p> <p>20 it is a party to any agreement between Highland</p> <p>21 Capital Management and the CLOs?</p> <p>22 MR. CLARK: Object to form. And I</p> <p>23 just want to note for the record that</p> <p>24 Mr. Scott is here testifying in his</p> <p>25 individual capacity, I believe, not as a</p>	<p style="text-align: right;">Page 73</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 corporate representative.</p> <p>3 MR. MORRIS: Fair enough. But he is</p> <p>4 the only representative so...</p> <p>5 MR. CLARK: Fair enough. I just</p> <p>6 want that made -- stated for the record,</p> <p>7 but I also object as to form.</p> <p>8 MR. MORRIS: Got it.</p> <p>9 A. It's a third-party beneficiary under</p> <p>10 the agreements.</p> <p>11 Q. And is that because of something you</p> <p>12 read in the document, or is that just your</p> <p>13 belief and understanding?</p> <p>14 A. My belief and understanding.</p> <p>15 Q. And is that belief and understanding</p> <p>16 based on anything other than conversations with</p> <p>17 counsel?</p> <p>18 A. In -- in -- recently it has, but I</p> <p>19 don't recall from previous interactions over</p> <p>20 the years how we discussed that or how I came</p> <p>21 to -- to understand that.</p> <p>22 Q. Does HCLO [sic] HoldCo -- did -- in</p> <p>23 your capacity as the sole director of HCLO</p> <p>24 HoldCo Limited, are you aware of anything that</p> <p>25 Highland Capital Management has done wrong in</p>

<p style="text-align: right;">Page 74</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 connection with the services provided under the</p> <p>3 CLO management agreements?</p> <p>4 MR. CLARK: Objection, form.</p> <p>5 A. I -- I don't -- I don't -- I</p> <p>6 don't -- your answer's no.</p> <p>7 Q. In your capacity as the director of</p> <p>8 CLO HoldCo Limited, are you aware of any</p> <p>9 default or breach under the CLO management</p> <p>10 agreements that -- that Highland Capital</p> <p>11 Management has caused?</p> <p>12 MR. CLARK: Objection, form.</p> <p>13 A. We have raised the issue about</p> <p>14 ongoing sales in various -- I'm not sure</p> <p>15 whether they represent a technical breach,</p> <p>16 though.</p> <p>17 Q. Okay. Are you aware of any</p> <p>18 technical breach?</p> <p>19 MR. CLARK: Objection, form.</p> <p>20 A. No.</p> <p>21 Q. I'm sorry. You said, no, sir?</p> <p>22 A. My answer's no.</p> <p>23 Q. Thank you. Do you know who made the</p> <p>24 decision to cause the CLO HoldCo Limited entity</p> <p>25 to invest in the CLOs that are managed by</p>	<p style="text-align: right;">Page 75</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Highland Capital?</p> <p>3 A. The select -- ultimately, I had to.</p> <p>4 Q. I thought you testified earlier that</p> <p>5 you didn't make decisions as to investment. Do</p> <p>6 I have that wrong?</p> <p>7 A. The selection.</p> <p>8 Q. Okay.</p> <p>9 A. I -- I'm --</p> <p>10 Q. So -- so explain to me --</p> <p>11 A. I have to approve -- I have to</p> <p>12 approve the selection. I'm sorry. But the</p> <p>13 people making -- I was putting that in the camp</p> <p>14 of the people that make the selection.</p> <p>15 Q. Okay. Do you know if -- do you know</p> <p>16 if there are CLOs in the world that exist that</p> <p>17 aren't managed by Highland Capital Management?</p> <p>18 MR. CLARK: Objection, form.</p> <p>19 A. Are there CLOs in the -- in the</p> <p>20 world that are not --</p> <p>21 Q. Yes.</p> <p>22 A. Yes. It's -- it's a well-known --</p> <p>23 it's a well-known --</p> <p>24 Q. In your capacity as the director of</p> <p>25 CLO HoldCo Limited, did you ever consider</p>
<p style="text-align: right;">Page 76</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 making an investment in a CLO that wasn't</p> <p>3 managed by Highland?</p> <p>4 A. No.</p> <p>5 Q. Is there any particular reason why</p> <p>6 you haven't given that any consideration?</p> <p>7 A. That hasn't been my role. That's</p> <p>8 not my expertise. That's been something</p> <p>9 Highland has done and, quite frankly, over the</p> <p>10 years brilliantly so, no.</p> <p>11 Q. You're aware that HCM, L.P., has</p> <p>12 filed for bankruptcy, right?</p> <p>13 A. Yes.</p> <p>14 Q. When did you learn that Highland had</p> <p>15 filed for bankruptcy?</p> <p>16 A. After the fact sometime in late --</p> <p>17 late 2019.</p> <p>18 Q. Since the bankruptcy filing, have</p> <p>19 you made any attempt to sell CLO HoldCo</p> <p>20 Limited's position in any of the CLOs that are</p> <p>21 managed by Highland?</p> <p>22 A. No.</p> <p>23 Q. So notwithstanding the bankruptcy</p> <p>24 filing, you as the director haven't made any</p> <p>25 attempt to transfer out of the CLOs that are</p>	<p style="text-align: right;">Page 77</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 managed by Highland, correct?</p> <p>3 A. Correct.</p> <p>4 Q. Did you ever give any thought to</p> <p>5 exiting the CLO vehicles that were managed by</p> <p>6 Highland in light of its bankruptcy filing?</p> <p>7 A. No.</p> <p>8 Q. Have you ever discussed with</p> <p>9 Mr. Seery anything having to do with the</p> <p>10 management -- withdrawn.</p> <p>11 Have you ever discussed with</p> <p>12 Mr. Seery any aspect of the debtor's management</p> <p>13 of the CLOs in which CLO HoldCo Limited is</p> <p>14 invested?</p> <p>15 A. No.</p> <p>16 Q. You mentioned earlier a request to</p> <p>17 stop trading. Do I have that right?</p> <p>18 A. Yes.</p> <p>19 Q. Okay. And are you aware that a</p> <p>20 letter was written purportedly on behalf of CLO</p> <p>21 HoldCo Limited in which a request to stop</p> <p>22 trading was made?</p> <p>23 A. As a cos- -- yeah. Yes.</p> <p>24 Q. Okay. Have you ever seen that</p> <p>25 letter before?</p>

<p style="text-align: right;">Page 78</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. Yes.</p> <p>3 MR. MORRIS: Can we put up on the</p> <p>4 screen -- I think it's now Exhibit 6. It's</p> <p>5 Exhibit DDDD.</p> <p>6 (SCOTT EXHIBIT 3, Letter to James A.</p> <p>7 Wright, III, et al., from Gregory Demo,</p> <p>8 December 24, 2020, with Exhibit A</p> <p>9 Attachment, was marked for identification.)</p> <p>10 MR. MORRIS: Can we scroll down to,</p> <p>11 I guess, what's Exhibit A. Ri- -- right</p> <p>12 there.</p> <p>13 BY MR. MORRIS:</p> <p>14 Q. You see this is a letter Dece- --</p> <p>15 dated December 22nd?</p> <p>16 A. Yes.</p> <p>17 Q. In the first paragraph there there's</p> <p>18 a reference to the entities on whose behalf</p> <p>19 this letter is being sent.</p> <p>20 Do you see that?</p> <p>21 A. Yes.</p> <p>22 Q. Okay. So this letter was sent on</p> <p>23 December 22nd. Did you see a copy of it before</p> <p>24 it was sent?</p> <p>25 A. A -- a draft -- an earlier draft of</p>	<p style="text-align: right;">Page 79</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 this I did.</p> <p>3 Q. Okay. Did you provide any comments</p> <p>4 to it?</p> <p>5 A. I did.</p> <p>6 MR. CLARK: Well, hold on. Grant,</p> <p>7 let me caution you. To the extent you</p> <p>8 provided comments to counsel, we're going</p> <p>9 to assert the attorney-client privilege on</p> <p>10 those comments.</p> <p>11 MR. MORRIS: It's just a yes-or-no</p> <p>12 question. I'm not looking for the</p> <p>13 specifics.</p> <p>14 MR. CLARK: Thank you.</p> <p>15 A. Yes.</p> <p>16 Q. Are you aware that earlier letters</p> <p>17 were -- withdrawn.</p> <p>18 Are you aware that prior to December</p> <p>19 22nd, the entities other than CLO HoldCo</p> <p>20 Limited that are listed in this pers- -- first</p> <p>21 paragraph had sent a letter making the same</p> <p>22 request?</p> <p>23 A. With respect to a letter, no. No,</p> <p>24 I -- I did not.</p> <p>25 Q. Are you aware as you sit here now</p>
<p style="text-align: right;">Page 80</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 that the entities other than CLO HoldCo Limited</p> <p>3 that are listed in the first paragraph made a</p> <p>4 motion in the court asking the court for an</p> <p>5 order that would have prevented Highland from</p> <p>6 making any transactions for a limited period of</p> <p>7 time?</p> <p>8 A. Yes.</p> <p>9 Q. Did you know that motion was being</p> <p>10 made prior to the time that it was made?</p> <p>11 A. I'm not sure.</p> <p>12 Q. Did you ever think about whether CLO</p> <p>13 HoldCo Limited should join that particular</p> <p>14 motion?</p> <p>15 A. I believe we were -- my attorney was</p> <p>16 aware of it. I don't recall our discussion</p> <p>17 about it. We were aware -- when I say we, I</p> <p>18 mean collectively -- and did not join it.</p> <p>19 Q. Okay. Can you tell me why you did</p> <p>20 not join it.</p> <p>21 MR. CLARK: And, again, Grant, to --</p> <p>22 to the extent it's based on communications</p> <p>23 with counsel, you're free to say that</p> <p>24 but -- but not to disclose any substance of</p> <p>25 communications with counsel.</p>	<p style="text-align: right;">Page 81</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. The subject of this letter on the</p> <p>3 22nd which yielded the original letter you</p> <p>4 briefly showed me on the 24th as well as an</p> <p>5 additional letter on the 28th identified two</p> <p>6 points as I understand it. The first point is</p> <p>7 what I believe is the somewhat innocuous</p> <p>8 request to halt sales, not a demand in any way.</p> <p>9 And the second more substantive issue has to do</p> <p>10 with steps to remove Highland or a subsequent</p> <p>11 derived entity from Highland from the various</p> <p>12 services agreements that you had previously --</p> <p>13 we had previously discussed. Neither of those</p> <p>14 issues met the require- -- neither of those</p> <p>15 issues led us to believe that a motion such as</p> <p>16 what you've just mentioned was -- was right --</p> <p>17 Q. Okay.</p> <p>18 A. -- because no -- no decision has</p> <p>19 been made on that.</p> <p>20 Q. Okay.</p> <p>21 MR. MORRIS: So I want to go back to</p> <p>22 my question and move to strike as</p> <p>23 nonresponsive, and I'll just ask my</p> <p>24 question again.</p> <p>25 BY MR. MORRIS:</p>

<p style="text-align: right;">Page 82</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Q. Why did CLO HoldCo Limited decide</p> <p>3 not to participate in the earlier motion that</p> <p>4 was brought by the other entities that are</p> <p>5 identified in Paragraph 1 that asked the court</p> <p>6 to stop Highland from engaging in trades?</p> <p>7 A. John, I'm so sorry. There was a</p> <p>8 feedback loop that came up when you started to</p> <p>9 re- -- re- -- recite -- restate your question.</p> <p>10 I'm sorry.</p> <p>11 Q. That's okay. Why did CLO HoldCo</p> <p>12 Limited decide not to join in the earlier</p> <p>13 motion where the entities listed in Paragraph 1</p> <p>14 asked the court to order Highland not to make</p> <p>15 any further trades? Why did they not join that</p> <p>16 motion?</p> <p>17 A. The -- the issue didn't rise to</p> <p>18 the -- I don't believe we had formulated a</p> <p>19 legal basis sufficient to justify such steps.</p> <p>20 We hadn't laid the foundation necessary to --</p> <p>21 to do that.</p> <p>22 Q. Are you aware of what the court</p> <p>23 decided?</p> <p>24 A. By virtue of the original letter you</p> <p>25 sent me dated the -- or show -- showed</p>	<p style="text-align: right;">Page 83</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 initially dated the 24th, I have a general</p> <p>3 understanding of what they decided.</p> <p>4 Q. Did you -- did you ever review the</p> <p>5 transcript of the hearing where the other</p> <p>6 parties asked the court to stop Highland from</p> <p>7 engaging in any further trades on the CLOs?</p> <p>8 A. I did not.</p> <p>9 Q. Is there anything different about</p> <p>10 the request in this letter, to the best of your</p> <p>11 knowledge, from the request that was made of</p> <p>12 the court just six days earlier?</p> <p>13 MR. CLARK: Objection, form.</p> <p>14 A. Yes. There's a -- in -- in my -- my</p> <p>15 view there's a substantial difference between</p> <p>16 filing an action converting a request into</p> <p>17 essentially a demand versus a gentle request</p> <p>18 with multiple caveats, that that request is not</p> <p>19 a demand.</p> <p>20 Q. Okay. Let me ask you this: Are you</p> <p>21 aware -- what -- when did you first learn that</p> <p>22 Highland was making trades in its capacity as</p> <p>23 the servicer of the CLOs? When -- when did you</p> <p>24 first learn that Highland was doing that? Ten</p> <p>25 years ago, right? I mean --</p>
<p style="text-align: right;">Page 84</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. Oh. Oh. Oh, I'm -- yeah. Yeah. ---2</p> <p>3 Oh, yes. I'm sorry. Of course.</p> <p>4 Q. Right? I mean, Highland has been</p> <p>5 making trades on behalf of CLOs for years,</p> <p>6 right?</p> <p>7 A. Yes.</p> <p>8 Q. And Highland was making trades on</p> <p>9 behalf of CLOs throughout 2020, to the best of</p> <p>10 your knowledge, right?</p> <p>11 A. Yes.</p> <p>12 Q. And you know when Jim Dondero was</p> <p>13 still with Highland, he was making trades on</p> <p>14 behalf of CLO -- on behalf of the CLOs, right?</p> <p>15 A. Yes.</p> <p>16 Q. And you never objected when Jim</p> <p>17 Dondero was doing it; is that right?</p> <p>18 A. That is correct.</p> <p>19 Q. Okay. So what changed that caused</p> <p>20 you in your capacity as the director of CLO</p> <p>21 HoldCo to request a full stoppage of trading?</p> <p>22 A. It was my understanding that because</p> <p>23 of the bankruptcy and the removal of Jim</p> <p>24 Dondero that the replacement decision-makers</p> <p>25 did not have the expertise where I felt</p>	<p style="text-align: right;">Page 85</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 comfortable with them making those decisions,</p> <p>3 but...</p> <p>4 Q. I thought you testified earlier that</p> <p>5 you weren't aware that Mr. Dondero left</p> <p>6 Highland. Am I mistaken in my recollection?</p> <p>7 A. I think you said in October, and</p> <p>8 I -- as I -- there's some con- -- I have</p> <p>9 confusion about when he left versus when he was</p> <p>10 still there but other -- but he was not making</p> <p>11 those trades.</p> <p>12 Q. Okay. Fair enough. The bankruptcy</p> <p>13 has nothing to do with your desire to stop</p> <p>14 trading, right, because Highland traded for a</p> <p>15 year after the bankruptcy and never took any</p> <p>16 action to try to stop Highland from trading on</p> <p>17 behalf of the CLOs, fair?</p> <p>18 A. The -- Highland as of right now</p> <p>19 isn't the same entity it was -- well, the</p> <p>20 decision-making team -- the -- the financial</p> <p>21 decision-making team for CLO Holdco's is no</p> <p>22 longer the team I have worked with, and upon</p> <p>23 discussion with counsel, we agreed -- I agreed</p> <p>24 to this letter, which I did, to just maintain</p> <p>25 the status quo.</p>

<p style="text-align: right;">Page 86</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Q. How did you form your opinion that</p> <p>3 the debtor doesn't have the expertise to</p> <p>4 execute trades on behalf of the CLOs today?</p> <p>5 What's the basis for that belief?</p> <p>6 A. I -- as I understood it, the -- the</p> <p>7 people historically making that decision were</p> <p>8 no longer making that decision.</p> <p>9 Q. Who besides Mr. Dondero --</p> <p>10 withdrawn.</p> <p>11 Who are you referring to?</p> <p>12 A. Well, Mr. Dondero is one. I don't</p> <p>13 know the names, but I -- I understood it to</p> <p>14 mean that the group previously responsible, for</p> <p>15 exam- -- for example, Hunter Covitz, including</p> <p>16 Hun- -- him, were no longer involved in the</p> <p>17 decision-making process, but...</p> <p>18 Q. How did you -- how -- how -- who</p> <p>19 gave you the information that led you to</p> <p>20 conclude that Hunter Covitz was no longer</p> <p>21 involved in the decision-making process?</p> <p>22 A. Specifically him and that name being</p> <p>23 mentioned, I -- I -- I wasn't informed of his</p> <p>24 speci- -- him -- him being removed. I was</p> <p>25 under the impression that the team that had</p>	<p style="text-align: right;">Page 87</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 previously been doing that was no longer doing</p> <p>3 it.</p> <p>4 Q. And what gave you that impression?</p> <p>5 A. Was communications I had with my</p> <p>6 attorney.</p> <p>7 Q. Okay. Is there any source for your</p> <p>8 information that led you to conclude that the</p> <p>9 team was no longer there that was able to</p> <p>10 engage in the trades on behalf of the CLOs</p> <p>11 other than your attorneys?</p> <p>12 A. Well, this -- this letter -- I -- I</p> <p>13 think the answer is no.</p> <p>14 Q. Thank you. Do you know if Jim -- do</p> <p>15 you have an opinion or a view as to whether Jim</p> <p>16 Seery is qualified to make trades?</p> <p>17 A. This --</p> <p>18 MR. CLARK: Objection, form.</p> <p>19 A. I don't know -- I spoke to Jim Seery</p> <p>20 earlier this week. You -- you asked me whether</p> <p>21 I had his number. I said I did. That's only</p> <p>22 because he called me. My phone rang with his</p> <p>23 number. It was a number I did not recognize,</p> <p>24 it was not in my contacts, but he left me a</p> <p>25 voice mail so I called him back. Then I</p>
<p style="text-align: right;">Page 88</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 updated my contacts to -- to add his name so</p> <p>3 now I have his name. And during that</p> <p>4 conversation he informed me that he did have</p> <p>5 that expertise --</p> <p>6 Q. And --</p> <p>7 A. -- without me making any inquiry.</p> <p>8 He volunteered that.</p> <p>9 Q. But you hadn't made any inquiry</p> <p>10 prior to the time that you authorized the</p> <p>11 sending of this letter; is that fair?</p> <p>12 A. That's correct.</p> <p>13 Q. Do you know whether Mr. Seery, in</p> <p>14 fact, engaged in transactions on behalf of the</p> <p>15 debtor since he was appointed back in January?</p> <p>16 A. I do not.</p> <p>17 Q. Did you ask that question prior to</p> <p>18 the time you authorized the sending of this</p> <p>19 letter?</p> <p>20 A. I did not.</p> <p>21 Q. Can you identify a single</p> <p>22 transaction that Jim Seery has ever made that</p> <p>23 you disagree with?</p> <p>24 A. No.</p> <p>25 Q. Can you identify any transaction</p>	<p style="text-align: right;">Page 89</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 that the debtor made on behalf of any of the</p> <p>3 CLOs since the time that you understand</p> <p>4 Mr. Dondero left Highland that you disagree</p> <p>5 with?</p> <p>6 A. No.</p> <p>7 Q. Did you have any discussion with any</p> <p>8 representative of any of the entities listed on</p> <p>9 this document where they told you they believe</p> <p>10 Jim Seery didn't have the expertise to engage</p> <p>11 in transactions on behalf of the whole -- of</p> <p>12 the CLOs?</p> <p>13 A. You -- your question -- I'm -- I'm</p> <p>14 sorry. I'm trying to be -- I'm trying to be a</p> <p>15 hundred perc- -- I'm trying to be accurate</p> <p>16 here.</p> <p>17 Q. Let me interrupt you and just say,</p> <p>18 I'm very grateful for your testimony. I know</p> <p>19 this is not easy, and I do believe that you're</p> <p>20 earnestly and honestly trying to answer the</p> <p>21 questions the best you can. So no apologies</p> <p>22 necessary anymore. If you need me to repeat</p> <p>23 the question or rephrase it, just say that,</p> <p>24 okay?</p> <p>25 A. Please -- yes.</p>

<p style="text-align: right;">Page 90</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Q. Okay.</p> <p>3 A. Please -- please repeat that.</p> <p>4 Q. Did you ever communicate with any</p> <p>5 employee, officer, director, representative of</p> <p>6 any of the entities that are on this page</p> <p>7 concerning the debtor's ability to service the</p> <p>8 CLOs?</p> <p>9 A. I believe so.</p> <p>10 Q. And can you identify the person or</p> <p>11 persons?</p> <p>12 A. I think it's Jim Dondero.</p> <p>13 Q. Anybody else other than Mr. Dondero?</p> <p>14 A. No.</p> <p>15 Q. When did you have that conversation</p> <p>16 or those conversations with Mr. Dondero?</p> <p>17 A. This letter is dated the 22nd --</p> <p>18 Q. Correct.</p> <p>19 A. -- right?</p> <p>20 Q. Yes.</p> <p>21 A. I believe that's the Tuesday before</p> <p>22 Christmas, and this would have been on the</p> <p>23 21st, the Monday.</p> <p>24 Q. What do you recall about your</p> <p>25 conversation on the 21st regarding the</p>	<p style="text-align: right;">Page 91</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 substance of this particular letter?</p> <p>3 A. Jim Dondero described why he</p> <p>4 believed sales being made on an ongoing basis</p> <p>5 after a request was made to stop was im- --</p> <p>6 improper.</p> <p>7 Q. Do you -- do you rely on what</p> <p>8 Mr. Dondero said to you during that phone call</p> <p>9 on December 21st in -- in deciding to join in</p> <p>10 this particular letter?</p> <p>11 A. No.</p> <p>12 Q. Did you only then rely on the</p> <p>13 information you obtained from counsel?</p> <p>14 A. Yes. I -- I -- I -- I considered</p> <p>15 this letter to be nearly the most gentle</p> <p>16 request imaginable amongst lawyers to maintain</p> <p>17 the status quo.</p> <p>18 Q. And the request that's made in this</p> <p>19 letter is perfectly consistent with what</p> <p>20 Mr. Dondero told you on the 21st of December,</p> <p>21 correct?</p> <p>22 A. I don't -- no.</p> <p>23 Q. How --</p> <p>24 MR. MORRIS: Can we go to the end of</p> <p>25 this letter, please. All right. Right</p>
<p style="text-align: right;">Page 92</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 there.</p> <p>3 BY MR. MORRIS:</p> <p>4 Q. Do you see the request that's in the</p> <p>5 last sentence?</p> <p>6 A. Yes.</p> <p>7 Q. Is that the same thing that</p> <p>8 Mr. Dondero told you should happen, that --</p> <p>9 that there should be no further CLO</p> <p>10 transactions at least until the issues raised</p> <p>11 and addressed by the debtor's plan were</p> <p>12 resolved substantively?</p> <p>13 A. Yes.</p> <p>14 Q. Is there anything that he said</p> <p>15 that's inconsistent with the request that's</p> <p>16 made here?</p> <p>17 MR. CLARK: Objection, form.</p> <p>18 A. This -- and can you -- can you show</p> <p>19 me earlier parts?</p> <p>20 Q. Of course. You know what, I'll</p> <p>21 withdraw the question.</p> <p>22 And let me see if I can do it this</p> <p>23 way: In your discussion with Mr. Dondero, did</p> <p>24 he indicate that he had seen a draft of this</p> <p>25 letter?</p>	<p style="text-align: right;">Page 93</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. No. And I didn't -- I didn't have a</p> <p>3 discussion with him. I -- I merely listened to</p> <p>4 him. There was no -- I -- I had no input to</p> <p>5 the conversation.</p> <p>6 Q. Okay. I -- I did -- I didn't --</p> <p>7 I -- I appreciate that. So he called you; is</p> <p>8 that right?</p> <p>9 A. We -- we called in.</p> <p>10 Q. Oh, was it --</p> <p>11 A. I --</p> <p>12 Q. Was it --</p> <p>13 A. I don't know --</p> <p>14 Q. Was it --</p> <p>15 A. I don't know the sequence of the</p> <p>16 calls. I'm sorry.</p> <p>17 Q. Was there anybody on the call other</p> <p>18 than you and Mr. Dondero, the call that you're</p> <p>19 describing on December 21st?</p> <p>20 A. Yes, my attorney and an attorney --</p> <p>21 I believe the attorney that signed this letter.</p> <p>22 Q. Okay. And I just want to focus on</p> <p>23 what Mr. Dondero said. Did he -- did he say</p> <p>24 during the call that Highland should not be</p> <p>25 engaging in any further CLO transactions?</p>

<p style="text-align: right;">Page 94</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. He took a more -- if I can</p> <p>3 characterize his mental -- I looked at the</p> <p>4 issue of maintaining the status quo since there</p> <p>5 was somebody that was complaining about it,</p> <p>6 that that -- because it -- it isn't assets of</p> <p>7 Highland, it doesn't adversely affect Highland.</p> <p>8 If -- if stopping the sales -- you know, my --</p> <p>9 my thought was -- is if stopping the sales</p> <p>10 reduces the likelihood of litigation</p> <p>11 disputes -- you already saw that there was the</p> <p>12 one from middle of December. I -- I thought</p> <p>13 that would be the more appropriate way to go.</p> <p>14 I didn't think there'd be any harm.</p> <p>15 Q. And was that your --</p> <p>16 A. I think -- I think Jim Dondero had a</p> <p>17 more legalistic view of its impro- -- im- --</p> <p>18 improper nature.</p> <p>19 Q. And did he share that view with you?</p> <p>20 A. On Monday, yes.</p> <p>21 Q. Can you describe for me your</p> <p>22 recollection of what he said about the</p> <p>23 legalistic view?</p> <p>24 A. Just the mention of -- all I recall</p> <p>25 is in terms of -- the law associated with it</p>	<p style="text-align: right;">Page 95</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 was -- the Advisers Act was mentioned --</p> <p>3 Q. Did you have --</p> <p>4 A. -- but I don't -- I don't know what</p> <p>5 that is. You know, I don't know what that is.</p> <p>6 Q. And you -- and -- and you never --</p> <p>7 it never occurred to you to pick up the phone</p> <p>8 and -- and to speak with Mr. Seery to see why</p> <p>9 it was he thought he should be engaging in</p> <p>10 transactions?</p> <p>11 A. No. And -- but I -- my lack of</p> <p>12 volunteering a phone call to Jim Seery isn't --</p> <p>13 it's -- it's because of -- I -- I thought any</p> <p>14 phone call by me to Jim Seery would be</p> <p>15 inappropriate because he's represented by</p> <p>16 counsel. I mean, we were working on claims</p> <p>17 against him --</p> <p>18 Q. Okay.</p> <p>19 A. -- right, so...</p> <p>20 Q. Did you -- did you -- did you think</p> <p>21 to instruct your lawyers to reach out to</p> <p>22 Mr. Seery to actually speak to him instead of</p> <p>23 just sending a letter like this and to -- and</p> <p>24 to ask -- and to maybe inquire as to why he</p> <p>25 thought it was appropriate to engage in</p>
<p style="text-align: right;">Page 96</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 transactions before they made a request six</p> <p>3 days after the court threw out their suit as</p> <p>4 frivolous? I'll withdraw that. That's too</p> <p>5 much.</p> <p>6 A few days later did you authorize</p> <p>7 the sending of another letter to the debtor in</p> <p>8 which you suggested that the -- the entities on</p> <p>9 behooove -- on -- on whose behalf the letter was</p> <p>10 sent might take steps to terminate the CLO</p> <p>11 management agreements?</p> <p>12 A. I did not see -- so there is a --</p> <p>13 there is a December 28th letter.</p> <p>14 MR. MORRIS: Let's just go to the</p> <p>15 next letter, and -- and let's just call</p> <p>16 that up.</p> <p>17 BY MR. MORRIS:</p> <p>18 Q. I think it's -- I think it's</p> <p>19 actually dated December 23rd. It was the next</p> <p>20 day.</p> <p>21 A. Yes.</p> <p>22 (SCOTT EXHIBIT 4, Letter to James A.</p> <p>23 Wright, III, et al., from Gregory Demo,</p> <p>24 December 24, 2020, with Exhibit A</p> <p>25 Attachment, was marked for identification.)</p>	<p style="text-align: right;">Page 97</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 BY MR. MORRIS:</p> <p>3 Q. And do you recall that the next day</p> <p>4 CLO HoldCo Limited joined in another letter to</p> <p>5 the debtors? Do you have that recollection?</p> <p>6 A. Yes. Not -- not be- -- yes, I do,</p> <p>7 but -- yes, I do.</p> <p>8 Q. Did you see this letter before it</p> <p>9 was sent?</p> <p>10 A. I don't believe so.</p> <p>11 Q. Did you authorize the sending of</p> <p>12 this letter?</p> <p>13 A. I gave -- I relied on my attorney to</p> <p>14 guide me through this process.</p> <p>15 Q. I appreciate that.</p> <p>16 A. I let him make that call on this</p> <p>17 letter, which is -- copies most of the prior</p> <p>18 letter and then adds another issue.</p> <p>19 Q. Okay. Do you have an understanding</p> <p>20 of what that issue is?</p> <p>21 A. Yes.</p> <p>22 Q. And what is your understanding of</p> <p>23 what that additional issue is?</p> <p>24 A. Somewhere in this letter of the 23rd</p> <p>25 there's an -- there's an -- an inclusion of</p>

<p style="text-align: right;">Page 98</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 a -- a statement of an -- a future intent.</p> <p>3 Q. A future intent to do what?</p> <p>4 A. To remove Highland as the servicer</p> <p>5 of the agreements you talked to me about</p> <p>6 previously.</p> <p>7 Q. Can you tell me whether there's a</p> <p>8 factual basis on which CLO HoldCo Limited</p> <p>9 believes that the debtor should be removed as</p> <p>10 the servicer of the portfolio manager of the</p> <p>11 CLOs?</p> <p>12 A. Yes. There are -- there are</p> <p>13 multiple bases to consider subject to all the</p> <p>14 other conditional language in the request of</p> <p>15 these letters to consider that going forward</p> <p>16 but no decision. That intent is an intent to</p> <p>17 evaluate, not an intent to take any action. I</p> <p>18 haven't authorized any action. I don't feel</p> <p>19 comfortable with my knowledge base at this</p> <p>20 time, but it's something being explored.</p> <p>21 Q. So knowing everything that you know</p> <p>22 as of today, you have not yet formed a decision</p> <p>23 as to whether CLO HoldCo Limited will take any</p> <p>24 steps to terminate Highland's portfolio</p> <p>25 management agreements, correct?</p>	<p style="text-align: right;">Page 99</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. I don't -- I don't want to be</p> <p>3 difficult, but I'm -- I'm confused yet again</p> <p>4 with your question. But I have not -- there --</p> <p>5 there are a number of cr- -- a number of issues</p> <p>6 that with my nonfinance background would</p> <p>7 suggest to me that they -- they may be bases</p> <p>8 for -- for cause, to -- to assert a cause. And</p> <p>9 I've been conferring with my attorney about</p> <p>10 that, but it's very preliminary and no -- no</p> <p>11 decision has been made. I -- no decision is</p> <p>12 being made.</p> <p>13 Q. So what -- what are the factors that</p> <p>14 are causing you to consider possibly seeking to</p> <p>15 begin the process of terminating the CLO</p> <p>16 management agreements?</p> <p>17 A. Well, I guess I would break them</p> <p>18 down into maybe two categories, maybe more.</p> <p>19 The one that resonates most with me -- I don't</p> <p>20 know -- maybe because even though I'm a patent</p> <p>21 attorney, I guess at one point I was an</p> <p>22 attorney. But the thing that resonates most</p> <p>23 with me --</p> <p>24 Q. You are an attorney.</p> <p>25 A. -- at the moment -- well, now you</p>
<p style="text-align: right;">Page 100</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 know why I'm a patent attorney and not one of</p> <p>3 you guys. But the thing that resonates with me</p> <p>4 the most from a legal substantive, black letter</p> <p>5 law sort of issue is the plan for</p> <p>6 reorganization, which we've objected to. I've</p> <p>7 re- -- I've reviewed the objection, and that</p> <p>8 sets forth our -- that sets forth my position,</p> <p>9 and I consider that to be quite material. The</p> <p>10 others are issues of practical effects of</p> <p>11 what's happened thus far with the bankruptcy,</p> <p>12 the termination of the experts with a long</p> <p>13 track record of success, the soon-to-be</p> <p>14 termination of all employees, the cancellation</p> <p>15 of various representation agreements, things of</p> <p>16 that nature looked at from an additive sort of</p> <p>17 perspective.</p> <p>18 Q. You know that -- can we refer to the</p> <p>19 counterparties under the CLO management</p> <p>20 agreements as the issuers? Are you familiar</p> <p>21 with that term?</p> <p>22 A. I -- I am familiar with the term</p> <p>23 issuers, yes.</p> <p>24 Q. Okay. And do you understand --</p> <p>25 A. There's an agreement between the --</p>	<p style="text-align: right;">Page 101</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 I'm sorry.</p> <p>3 Q. There's an agreement between the</p> <p>4 issuers and Highland pursuant to which Highland</p> <p>5 manages the CLO assets, right?</p> <p>6 A. With res- -- yes.</p> <p>7 Q. Okay. And do you understand what's</p> <p>8 going to happen to those management contracts</p> <p>9 in connection with the plan of reorganization?</p> <p>10 A. Partially.</p> <p>11 Q. What's your partial understanding?</p> <p>12 A. Well, I -- I wouldn't want to</p> <p>13 characterize it as a partial understanding. I</p> <p>14 mean, with respect to part of the agreement.</p> <p>15 Q. Okay.</p> <p>16 A. Okay. Our plan objection lays out</p> <p>17 our basis for objecting to steps that Highland</p> <p>18 is actively taking to preclude us from the full</p> <p>19 rights that we have as third-party</p> <p>20 beneficiaries under that agreement, and they're</p> <p>21 not de minimus. They're quite material. They</p> <p>22 relate to cause issues and no-cause issues, for</p> <p>23 example, as out- -- as outlined in our --</p> <p>24 our -- our objections.</p> <p>25 Q. Okay. Did you ever make any attempt</p>

<p style="text-align: right;">Page 102</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 to speak with any issuer concerning Highland's</p> <p>3 performance under the CLO management</p> <p>4 agreements?</p> <p>5 A. No.</p> <p>6 Q. Why not?</p> <p>7 A. I -- I don't have any facts --</p> <p>8 understand I -- I get all of the reports</p> <p>9 periodically from Highland -- from Highland.</p> <p>10 I -- I don't have a basis that I'm aware of to</p> <p>11 complain about performance issues. This is a</p> <p>12 legal issue that I'm talking about.</p> <p>13 Q. So you have no basis to suggest that</p> <p>14 Highland hasn't performed under the CLO</p> <p>15 management agreements, correct?</p> <p>16 A. Well, Highland as of right now,</p> <p>17 the -- the issue really is as -- as to what's</p> <p>18 next, not -- not -- I -- I don't -- I don't</p> <p>19 believe I have facts that support a com- --</p> <p>20 a -- an issue right now. It's -- it's --</p> <p>21 it's -- it's going forward that is the problem.</p> <p>22 Q. I --</p> <p>23 A. That's -- you know, that's --</p> <p>24 Q. Have you given any thought to</p> <p>25 speaking with the issuers to try to get their</p>	<p style="text-align: right;">Page 103</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 views as to what they think is going to happen</p> <p>3 in the future?</p> <p>4 A. No.</p> <p>5 Q. They're the -- they're the actual</p> <p>6 direct beneficiaries under the CLO management</p> <p>7 agreements, to the best of your understanding,</p> <p>8 right?</p> <p>9 A. Yes. Their rights may not be</p> <p>10 impacted; it's CLO Holdco's rights that are</p> <p>11 going to be adversely impacted. So it's -- I</p> <p>12 don't know that our view is in alignment with</p> <p>13 their view. But to answer your question, no,</p> <p>14 we did not contact them.</p> <p>15 Q. Do you have any knowledge or</p> <p>16 information as to any assertion by the issuers</p> <p>17 that Highland is in breach of any of the CLO</p> <p>18 management agreements?</p> <p>19 A. No.</p> <p>20 Q. Do you have any knowledge or</p> <p>21 information as to whether or not any of the</p> <p>22 issuers believe that Highland is in default</p> <p>23 under the CLO management agreements?</p> <p>24 A. No, I don't have any of those facts.</p> <p>25 Q. Are you aware that the issuers are</p>
<p style="text-align: right;">Page 104</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 negotiating with Highland to permit Highland to</p> <p>3 assume the CLO management agreements and to</p> <p>4 continue operating under them?</p> <p>5 A. I believe so --</p> <p>6 Q. Is that --</p> <p>7 A. -- but they're --</p> <p>8 Q. Go ahead. I'm sorry.</p> <p>9 A. As I understand it, Highland</p> <p>10 wants -- Highland or its subsidiary -- or</p> <p>11 its -- its -- its postbankruptcy relative --</p> <p>12 post- -- excuse me, that Highland</p> <p>13 postbankruptcy -- or postplan confirmation</p> <p>14 wants to move forward, substitute itself for</p> <p>15 the prior issuer -- no, sorry, substitute</p> <p>16 itself for the prior servicer under those</p> <p>17 agreements to assume those agreements but in</p> <p>18 the process of assuming those agreements,</p> <p>19 carving out a bunch of provisions that from a</p> <p>20 legal standpoint and a potentially future</p> <p>21 practical and monetary standpoint are quite</p> <p>22 substantial, and that has to relate to the</p> <p>23 removal rights based on cause and without</p> <p>24 cause. As I understand it, that's all set</p> <p>25 forth in our plan objection.</p>	<p style="text-align: right;">Page 105</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 Q. Okay. Are you aware of a third</p> <p>3 letter that was sent to Highland on behalf of</p> <p>4 CLO HoldCo and the other entities that are</p> <p>5 listed in this document?</p> <p>6 A. The December 28th letter, is that</p> <p>7 what you mean?</p> <p>8 Q. It's actually December 31st, if I</p> <p>9 can refresh your recollection.</p> <p>10 MR. MORRIS: Can we put up Exhibit</p> <p>11 F?</p> <p>12 (SCOTT EXHIBIT 5, Letter to Jeffrey</p> <p>13 N. Pomerantz from R. Charles Miller,</p> <p>14 December 31, 2020, was marked for</p> <p>15 identification.)</p> <p>16 BY MR. MORRIS:</p> <p>17 Q. You remember that there was a letter</p> <p>18 dated on or about December 31st that was</p> <p>19 sent -- oh, actually, you know, I apologize.</p> <p>20 If we scroll down to the -- to the next -- to</p> <p>21 the first box, there actually is no mention of</p> <p>22 CLO HoldCo.</p> <p>23 Are you aware that Mr. Dondero was</p> <p>24 evicted from Highland's offices as of the end</p> <p>25 of the year?</p>

<p style="text-align: right;">Page 106</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 A. I -- I didn't know the time, but I</p> <p>3 understand he's no longer there.</p> <p>4 Q. Does CLO HoldCo Limited contend that</p> <p>5 it was damaged in any way by Mr. Dondero's</p> <p>6 eviction from the Highland suite of offices?</p> <p>7 MR. CLARK: Objection, form.</p> <p>8 A. I -- I don't have any information to</p> <p>9 support that as of this time.</p> <p>10 Q. It's not -- it's not a belief that</p> <p>11 you hold today?</p> <p>12 A. I don't have a belief of that, yes.</p> <p>13 MR. MORRIS: All right. Let's take</p> <p>14 a short break. I may be done. I -- I'm</p> <p>15 grateful, Mr. Scott, and don't want to</p> <p>16 abuse your time. Give me -- let -- just</p> <p>17 let -- let's come back at 4:50, just eight</p> <p>18 minutes, and if I have anything further, it</p> <p>19 will be brief.</p> <p>20 (Whereupon, there was a recess in</p> <p>21 the proceedings from 4:42 p.m. to</p> <p>22 4:49 p.m.)</p> <p>23 MR. MORRIS: Okay. Mr. Scott, thank</p> <p>24 you very much for your time. I have no</p> <p>25 further questions.</p>	<p style="text-align: right;">Page 107</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 THE WITNESS: Thank you.</p> <p>3 MR. CLARK: We will reserve our</p> <p>4 questions.</p> <p>5 THE WITNESS: I appreciate it, John.</p> <p>6 MR. MORRIS: Take care. Thanks for</p> <p>7 your time and your -- and your diligence.</p> <p>8 I do appreciate it. Take care, guys.</p> <p>9 THE REPORTER: Okay.</p> <p>10 MR. CLARK: Thank you.</p> <p>11 MR. HOGEWOOD: No questions from us.</p> <p>12 (Time Noted: 4:50 p.m.)</p> <p>13 -----</p> <p>14 GRANT SCOTT</p> <p>15</p> <p>16</p> <p>17</p> <p>18 Subscribed and sworn to before me</p> <p>19 this day of 2021.</p> <p>20 -----</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p style="text-align: right;">Page 108</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 C E R T I F I C A T E</p> <p>3 STATE OF NORTH CAROLINA)</p> <p>4) ss.:</p> <p>5 COUNTY OF WAKE)</p> <p>6</p> <p>7 I, LISA A. WHEELER, RPR, CRR, a</p> <p>8 Notary Public within and for the State of New</p> <p>9 York, do hereby certify:</p> <p>10 That GRANT SCOTT, the witness whose</p> <p>11 deposition is hereinbefore set forth, having</p> <p>12 produced satisfactory evidence of</p> <p>13 identification and having been first duly sworn</p> <p>14 by me, according to the emergency video</p> <p>15 notarization requirements contained in G.S.</p> <p>16 10B-25, and that such deposition is a true</p> <p>17 record of the testimony given by such witness.</p> <p>18 I further certify that I am not</p> <p>19 related to any of the parties to this action by</p> <p>20 blood or marriage; and that I am in no way</p> <p>21 interested in the outcome of this matter.</p> <p>22 IN WITNESS WHEREOF, I have hereunto</p> <p>23 set my hand this 21st day of January, 2021.</p> <p>24 ----- Lisa A. Wheeler -----</p> <p>25 LISA A. WHEELER, RPR, CRR</p>	<p style="text-align: right;">Page 109</p> <p>1 GRANT SCOTT - 1/21/2021</p> <p>2 -----I N D E X-----</p> <p>3 PAGE</p> <p>4 EXAMINATION BY MR. MORRIS 7</p> <p>5</p> <p>6 -----EXHIBITS-----</p> <p>7</p> <p>8 PAGE</p> <p>9 EXHIBIT 1 Organizational Structure: 46</p> <p>10 EXHIBIT 2 Unanimous Written Consent of 54</p> <p>11 Directors In Lieu of Meeting</p> <p>12 EXHIBIT 3 Letter to James A. Wright, 78</p> <p>13 III, et al., from Gregory</p> <p>14 EXHIBIT 4 Letter to James A. Wright, 96</p> <p>15 III, et al. From Gregory</p> <p>16 Demo, December 24, 2020, with</p> <p>17 EXHIBIT 5 Letter to Jeffrey N. 105</p> <p>18 Pomerantz from R. Charles</p> <p>19 Miller, December 31, 2020</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

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